

November 7, 1985

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Stafford	Symms	Wallace
Stennis	Thurmond	Warner
Stevens	Trible	Wilson

NAYS—43

Baucus	Ford	Melcher
Bentsen	Glenn	Metzenbaum
Braden	Goldwater	Mitchell
Bingaman	Gore	Morahan
Boren	Harkin	Murn
Bradley	Hart	Pell
Bumpers	Hollings	Proxmire
Burdick	Inouye	Pryor
Burr	Johnston	Riegle
Chiles	Kennedy	Sarbanes
Cobert	Kerry	Sasser
Cranston	Lautenberg	Simon
Dodd	Leahy	Weicker
Eagleton	Levin	
Exon	Matsunaga	

NOT VOTING—3

Henn	Ruckelshaus	Zorinsky
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So the nomination was confirmed.

Mr. THURMOND, Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HEFLIN, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE, Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER, Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE, Mr. President, I ask unanimous consent that the Senate go back into legislative session.

The PRESIDING OFFICER, Without objection, it is so ordered.

Mr. STEVENS, Mr. President, the distinguished leader has asked for a comment on the pending legislation. For the information of the Senate, we have worked out the disagreements on all of the amendments that are covered by the time agreement.

We will be in the process of accepting them all shortly. We expect one rollcall vote on this on final passage, and that will be the only final passage. That should take place in roughly an hour.

ORDER OF PROCEDURE

Mr. DOLE, Mr. President, will the Senator yield?

Mr. STEVENS, I am happy to yield to the leader.

Mr. DOLE, Mr. President, as I indicated to the distinguished minority leader, if we can put some of these things together, there will be a likelihood of no session tomorrow.

I think I am about to be safe in indicating that we will not be in session tomorrow. After we finish this, we will take up the D.C. appropriation bill. That will be a very short debate.

There will be one vote. Depending on what happens to the vote, that will determine the future of the bill.

Then we will try to reach some unanimous consent agreement on reconciliation. Senator CHILES, Senator DOMENICI, and others are working on that this afternoon.

So I am prepared to indicate at this time that we will not be in session tomorrow.

FEDERAL RETIREMENT REFORM ACT

The Senate continued with the consideration of the bill (S. 1527).

Mr. GORE addressed the Chair.

The PRESIDING OFFICER, Who yields time?

Mr. EAGLETON, I yield such time as the Senator may require.

The PRESIDING OFFICER, The Senator from Tennessee.

Mr. GORE, Mr. President, I am pleased to be a cosponsor of S. 1527, the Federal Retirement Reform Act of 1985. As a cosponsor of this bill, I find myself in good company because by now most of my colleagues on the Senate Governmental Affairs Committee are also cosponsors.

To varying degrees, each of my colleagues on the committee has devoted considerable time and thought to this legislation. Virtually all of our potential differences have been aired without the rancor that often characterizes issues in which the stakes are so high. None of the cosponsors has achieved everything he has sought, yet we have all made significant contributions.

I wish to add my voice to those that have already been raised in praise of the chairman of the subcommittee, Senator STEVENS; the chairman of the full committee, Senator ROTH, and the ranking minority member of the full committee, Senator EAGLETON.

As a freshman member of the Governmental Affairs Committee, I wondered what the experience of this legislation would be like, but I must say that I have found it enjoyable and educational, and I have learned a great deal in particular from the three senior Senators whom I just mentioned. I thank them for allowing me to be a part of such an enjoyable, deliberative process.

Mr. President, the 1983 decision to extend Social Security coverage to Federal employees left Congress with the difficult task of redesigning the Civil Service Retirement System. That responsibility must be discharged by the end of this year, according to the 2-year period we allotted ourselves. Our failure to do so will require Federal workers who have started work since January 1984, or who will be coming to the Federal Government in the future, to contribute up to 14 percent of their hard-earned pay, for pension benefits which will be uncertain at best. It is obvious, therefore, that we have to act.

Throughout our deliberations, our focus has been to ensure that Federal employees, at work and upon retirement, receive fair and reasonable compensation for their service. That compensation should be fair and reasonable in the eyes of the workers themselves, whose efforts are vital to the

varied functions of our Federal Government. It should be fair and reasonable, as well, in the eyes of the taxpayers, who correctly insist that their tax dollars be spent sensibly and to good result.

As is often the case, we have been obligated to examine a terrain cluttered with a number of highly technical issues. From that clutter of issues, we have sought to extract a sensible retirement policy—a policy that must be clear enough for those who will depend upon it for their economic security, and flexible enough to address the various situations and needs that Federal workers may face during their careers.

The manner in which we ultimately address these concerns will recast the basic Federal retirement structure and its pattern of payments for decades. We are, therefore, in a unique position to influence the kind of Federal work force this country should have.

Mr. President, as the ranking minority member of the subcommittee of which Senator STEVENS is the chairman, I have been in a position to see and benefit from the depth of his extensive knowledge in the pension field. That resource, together with the leadership and cooperation of both Chairman ROTH and the senior Senator from Missouri, Senator EAGLETON, has forged a good bill which I commend to every member of this body. The careful attention to details of substance and leadership which these Senators have devoted to this challenge over the past several years has been evident in every aspect of the process. I am a newcomer to this process and I am proud to have been able to play a part in it. We also owe a debt of thanks to the tireless efforts of the committee staff and the team of congressional research service analysts who assisted the committee, and to the witnesses who testified during lengthy hearings on this issue.

The bill's three-tier design combines Social Security with a defined benefit tier that focuses on providing a sure and certain retirement benefit, and a defined contribution tier that provides for portability and flexibility. The bill goes a step further by providing Federal workers with an option of choosing between two alternative mixes of retirement plans, according to their needs. Both alternatives offer significant advantages to the Federal worker.

Mr. President, I am cosponsoring this bipartisan substitute, because I believe it addresses all the concerns I targeted in my floor statement at the time Senators ROTH and STEVENS introduced S. 1527 in its original form. Those issues—the COLA, early retirement, the mix between defined benefit and defined contribution, and the benefits for survivors and disabled workers—all require important choices. The resolution of those choices lies at the heart of a sound pension system.

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Chief among those issues is the degree to which we should protect future pension benefits from dwindling in the face of rising prices. To be sure, this is a familiar and difficult issue for all of us. The fixed incomes of retirees must be accorded a measure of economic security.

Because Social Security continues to be fully and automatically adjusted for changes in the cost of living, it serves as the basic component of income protection for all workers. But a pension must also serve as a dependable source of retirement income. That objective is only possible if its value is maintained. While the expense of COLA's in benefit programs is of concern to all of us, we must be careful not to schedule an erosion in benefit value that grows worse with each passing year.

With those concerns in mind, S. 1527 reflects an understanding that an adequate retirement benefit should not rely solely upon the inflation protection granted by the Social Security cost-of-living adjustment. That is particularly true for option B which provides generous inflation protection to early retirees and full COLA's to all retirees at age 62 and above.

As they plan for their retirement years, Federal employees deserve to know with certainty at what age benefits begin. The current Civil Service Retirement System has been criticized for permitting employees to retire as early as age 55. This costly feature of the system has been a major focus of our deliberations.

It is important to note that many private-sector employers, particularly those with a heavy concentration of physical labor, permit unreduced retirement at age 55 to workers with careers spanning 30 or more years. Virtually all private-sector pensions make some provision for retirement at that age. Furthermore, despite the range of jobs in the Federal Government and the private sector, the average retirement age is around 61—for workers inside or outside the Government. That comes as a surprise to some casual observers of the pension issues.

With 62 as its earliest age of eligibility, Social Security reduces the benefits Federal employees will receive at earlier ages. Although option A of this bill would go further, by reducing the Federal pension benefit drawn before age 62, option B would permit Federal workers who have devoted a lifetime to Government service to receive an unreduced pension benefit prior to age 62.

We cannot guarantee every worker in every circumstance the same total benefits he or she would now receive. The issue thus becomes one of determining the appropriate mix of benefits to achieve the goal of fairly distributing those benefits among employees at every salary level. S. 1527 would establish a contributory, employee-savings plan with significant tax benefits accruing to those who

elect to participate. The savings plan also provides participants under both options with generous Government matching funds.

The thrift plan component will give every worker the opportunity to supplement a defined benefit and predictable pension amount. The bill recognizes that some workers will not be in a financial position to participate in the savings plan fully and consistently throughout their careers. For workers falling into that category, this bill provides a basic defined pension which, along with Social Security, is intended to produce adequate retirement income on its own.

Before I move on, I would like to raise two related issues. First, this bill and several of the pending amendments provide special benefits for employees whose job requirements are unusually demanding. The retirement legislation before the House committee currently provides more generous benefits for some of these groups—including the U.S. Park Police and National Guard technicians. I hope that in resolving the differences between this legislation and that in the other body, the conferees will be able to fashion a standard to measure the needs of each of these groups fairly and consistently.

Second, I feel it bears noting when considering the thrift plan provisions of this bill, that the investment of those funds in common stocks may not always yield a greater return than investment in Government securities. I have requested an analysis of this issue from the Congressional Research Service, and I ask unanimous consent that a copy of the analysis be printed in the record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1).

Mr. GORE. I believe that it is important to require, as S. 1527 does, that each thrift plan participant be fully apprised for the higher risks associated with investment of thrift plan money in common stocks as opposed to Government securities.

Finally, a pension plan must not only meet the obvious and expected needs of its retirees, but must assure its participants and their families adequate income protection in the event of death or disability. We can do no less than provide our employees a package of specific family protections should such family disasters strike.

I have taken particular interest in the design of the survivors benefits package. Chief among our concerns in protecting survivors have been the needs of displaced homemakers. To that end, this legislation provides an immediate and unreduced annuity for survivors of Federal workers who die prior to retirement. The legislation also establishes a basic group life insurance benefit which amounts to a 2-year salary continuation.

In conclusion, Mr. President, this bill combines compassion with confidence and good fiscal sense. I urge its passage.

Again, Mr. President, I commend my senior colleagues on the committee who have done so much to craft this legislation.

EXHIBIT 1

CONGRESSIONAL RESEARCH SERVICE,

THE LIBRARY OF CONGRESS,

Washington, DC, November 7, 1985.

To: Hon. Albert Gore, Jr.

Attention: Thurgood Marshall, Jr.

From: Dennis Snook, Civil Service Retirement Team, Education and Public Welfare Division.

Subject: Question on Risks Associated With Investing Capital Accumulation Savings in the Private Sector as opposed to Federal Securities.

You have asked us if we could provide information relating to the claim that if a capital accumulation plan (CAP) were adopted as part of a new Civil Service Retirement System (CSRS), Federal employees could achieve greater returns on CAP assets if they invested in private investment opportunities rather than in Federal securities. While a definitive answer to this question is not possible, we are providing you with the results of study done by Richard A. Hobbie of the Civil Service Retirement Team.

Dr. Hobbie finds that while it is clear that individuals have opportunities for higher returns if money is invested in private sector market instruments, that high return is necessarily associated with greater risk. Certainly some individuals would do better by taking such risks, but a portion of the population practicing private sector investment would do less well than if they had invested the same amount of money in risk-free federal securities. Relatively recent developments in financial management could have the potential for lowering the risks to individuals by pooling the assets in a fund so that they could be invested in a broad spectrum of stocks, but the value of any participant's share of the assets would still depend on the health of the fund in the year in which the individual retired. The data in the attached report suggest that a chance of lower value in private investment always exists, no matter how diversified, and that historical experience indicates years of lowered value occasionally occur. Given that retirement funds in individual CAPs are accumulated over the years of employee service, and are thus influenced by fluctuation in common stock values, a significant risk of lower investment return from private sector investment cannot be denied.

WOULD FEDERAL WORKERS EARN A HIGHER RATE OF RETURN ON THEIR INDIVIDUAL CAPITAL ACCUMULATION PLAN ACCOUNTS IF THEY INVESTED IN COMMON STOCKS INSTEAD OF U.S. TREASURY SECURITIES?

A BRIEF ASSESSMENT

During the recent debate on civil service retirement reform, some have advocated a type of supplemental pension plan often called a "capital accumulation plan" (CAP). A CAP is a deferred compensation arrangement in which an employee can contribute before-tax or after-tax compensation to an individual account maintained in his behalf that might also receive matching employer contributions at some specified rate up to a maximum. This type of plan would allow employees hired after 1983 to contribute additional amounts voluntarily toward their retirement to supplement benefits available

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to them under social security and a scaled-down mandatory civil service pension plan.

If the future resembles the past, Federal workers could earn on average a higher rate of return on their individual capital accumulation accounts in common stocks instead of Treasury securities. However, because common stocks are riskier than default-free U.S. Treasury securities, some workers would earn less, some workers would earn about the same, and some workers would earn more in common stocks than they would in U.S. Treasury securities. Therefore, if Congress wants to offer Federal workers the opportunity to invest their individual CAP funds in private securities, it should do so with the recognition that some workers would earn less than they would if they invested in U.S. Treasury securities.

In the debate on how to invest individual CAP funds, the following argument has been made in support of investing in a diversified portfolio of common stocks:¹

(1) Retirement plans have long-term investment perspectives.

(2) Contributions are made to a CAP account over many years and employees receive benefits over many years.

(3) Despite short-term volatility, the *Standard and Poor's Index* of 500 common stocks still has outperformed less risky securities, such as long-term corporate or government bonds.

(4) Moreover, even when one selects the best and worst 20 years for each type of investment, common stocks still have outperformed other securities.

(5) Therefore, despite the short-term volatility of common stocks, all employees can realize a higher yield from a diversified portfolio of common stocks than from less risky investments.

The data presented to support this argument initially appear overwhelming. For example, the value of a dollar invested in common stocks at the end of 1925 would have grown in nominal terms to \$248.25 by June 30, 1985 compared to only \$14.51 for long-term corporate bonds, \$9.68 for long-term government bonds, and \$7.20 for Treasury bills.² Granted, annual returns to common stocks fluctuated widely from -43 percent to +54 percent, but over the long-term they grew phenomenally (see table 1). Moreover, even in the worst 20 years for common stocks (1929-1948), the real rate of return was 0.8 percent, which was not as bad as the worst 20 years for long-term government bonds at -3.1 percent (1962-1981).³

The main problem with this argument is that the data do not reflect a realistic pattern of individual contributions to a CAP. Assuming that the growth of one dollar contributed at the beginning of a long holding period reflects what would happen to the growth of an individual CAP fund is tantamount to assuming that all contributions for the worker's career are made in the first year. This is unrealistic, and it leads to an erroneous conclusion that short-term market fluctuations in the value of common stocks do not matter.

Short-term fluctuations are much more important than portrayed in this argument because they can dramatically affect the value of a fund in the last few years before retirement. This would occur because not only do workers tend to contribute more in later years, but even for a constant dollar contribution the annual returns in the last few years are critical. Consider a simple ex-

ample in which a worker contributes a dollar per year for 20 years and earns 6.1 percent per year. At the end of 20 years he would have accumulated \$20 in contributions and \$17.18 in earnings for a total future value of \$37.18. Half of the interest would have been earned, however, in the last five years. Therefore, the annual returns in the last few years are critical to the final value of an individual CAP.

Recognizing that short-term market fluctuations make a significant difference in the final value of the account allows one to see why some workers might be worse off if they invested in common stocks. Suppose a dollar is invested at the beginning of 1971 in a portfolio of common stocks reflecting the returns to the *Standard and Poor's Index* of 500 stocks, long-term government bonds, or a fund that would have replicated the interest earned in the Civil Service Retirement System (CSRS) trust fund.⁴ At the end of 1980, common stocks would have yielded \$2.25 (see table 2). This compares to only \$1.47 for long-term government bonds and \$1.90 for the CSRS-type fund. Thus, after 10 years it would appear that the common stocks would outperform long-term government bonds and the CSRS trust fund.

A different picture emerges when one examines shorter time periods. Granted, the funds would not have the same value in 1971 if they had been invested differently in earlier years, but it is the last few years that make the big differences. Therefore, assume for illustration that the three funds start at \$1.00 in 1971 and the worker has, say, four years left until retirement. Also, assume that he makes no more contributions. This is as unrealistic as the data used in the argument for investment in common stocks, but including additional contributions would only exaggerate fluctuations in these data. It would not alter the conclusion.

If a worker had invested in the CSRS-type fund, his account would have grown to \$1.25 at the end of 1974. The comparable figure in long-term government bonds would have been \$1.23, but for common stocks it would have been only \$0.85. In other words, his investment in common stocks would have depreciated by 15 percent from its initial value and by 32 percent from what it could have earned in the CSRS-type fund. Moreover, it would have taken the common stocks two years to recover to the same value as an investment in the CSRS-type fund and a total of six years to exceed it substantially. Therefore, if the worker could have afforded to wait to withdraw his funds six years after retirement, he would have been better off investing in common stocks.

This demonstrates how critical a drop in the stock market could be if it happens in the year of retirement. If the worker needs the annuity that he thought he could buy with the value of his fund before the stock market decline, then he faces three choices. First, he could delay retirement. Second, he could temporarily live at a lower level of consumption during retirement until the stock market recovers. Then, he could buy an annuity when his funds have earned an amount at least equal to riskless investments. Third, he could accept a permanently lowered standard-of-living during retirement by buying an annuity with the depressed value of his fund.

TABLE 1.—TOTAL ANNUAL RETURNS IN PERCENTS FOR SELECTED INVESTMENTS, 1926-81¹

(In percents)					
Year	Common stocks	Long term corporate bonds	Long term Government bonds	U.S. Treasury bills	CSRS trust fund
1926	11.67	7.37	7.77	3.27	4.11
1927	3.49	7.44	8.93	3.12	4.11
1928	4.61	2.84	0.10	3.74	4.11
1929	-8.42	3.27	3.42	4.75	4.11
1930	24.90	7.98	4.66	2.41	4.11
1931	-43.34	-1.85	-5.31	1.07	4.11
1932	-8.15	10.82	16.84	.96	4.11
1933	53.39	10.38	.08	.30	4.11
1934	-1.44	13.84	10.02	.16	4.11
1935	47.67	9.61	4.36	.17	4.11
1936	32.97	6.74	7.51	.18	4.11
1937	-35.03	2.75	.73	.31	4.11
1938	31.17	6.15	5.53	-.02	4.11
1939	-.41	3.97	5.94	.01	4.11
1940	-5.78	3.39	6.09	.00	4.11
1941	-1.59	2.73	.93	.06	4.11
1942	20.42	2.66	3.27	.27	4.11
1943	21.36	2.83	2.08	.35	4.11
1944	12.75	4.73	2.81	.33	4.11
1945	36.44	4.08	10.75	.35	4.11
1946	-8.01	1.17	.10	.31	4.11
1947	1.71	-2.34	-2.62	.50	4.11
1948	1.56	4.14	3.50	.81	4.11
1949	19.74	3.31	6.45	1.10	4.11
1950	3.71	2.21	.06	1.20	4.11
1951	24.57	-2.69	-3.94	1.44	4.11
1952	15.37	3.50	1.16	1.96	4.11
1953	-.91	3.41	3.63	1.81	4.11
1954	50.51	5.39	7.19	.86	4.11
1955	31.54	.48	-1.30	1.07	4.11
1956	6.91	-6.81	-5.59	2.46	4.11
1957	10.76	8.71	7.41	3.14	4.11
1958	49.34	-2.22	-6.10	1.54	4.11
1959	11.91	-.97	-2.29	2.95	4.11
1960	47	9.07	13.78	2.66	4.11
1961	25.85	4.82	.91	2.13	4.11
1962	-8.73	7.95	6.89	2.73	4.11
1963	22.86	2.19	1.21	3.12	4.11
1964	16.48	4.77	3.51	3.54	4.11
1965	12.45	.46	.71	3.93	4.11
1966	-10.56	.20	3.65	4.76	4.11
1967	23.98	-4.95	-9.19	4.21	4.11
1968	11.06	2.57	-.26	5.51	4.11
1969	-8.05	-8.05	-5.08	6.58	4.11
1970	4.01	15.37	17.10	6.53	4.11
1971	14.31	11.01	13.23	4.24	4.11
1972	15.38	7.76	5.68	3.84	4.11
1973	14.68	1.14	-1.11	6.91	4.11
1974	12.41	-3.74	4.25	8.31	4.11
1975	12.71	14.64	9.15	5.81	4.11
1976	15.74	15.41	10.75	5.08	4.11
1977	1.71	1.71	-.67	5.12	4.11
1978	6.76	-.07	-1.16	7.12	4.11
1979	18.44	4.18	-1.22	10.39	4.11
1980	31.47	-1.63	-3.95	11.24	4.11
1981	-4.41	-.96	1.85	14.71	4.11

¹ Total annual returns reflect the change in prices of the assets and estimated dividends or interest.

² All data are for calendar years except for the CSRS fund. The CSRS data are for fiscal years. The transition quarter between 1976 and 1977 was excluded.

Source: "Stocks, Bonds, Bills, and Inflation 1984 Yearbook," Chicago: R.G. Ibbotson Associates, Inc., 1984, 105 p. Also, U.S. Office of Personnel Management, The Investment Record of the Civil Service Retirement System, Washington, 1983, 25 p.

TABLE 2.—VALUE OF \$1 INVESTED AT THE BEGINNING OF 1971 AFTER 10 YEARS

End of year	CAP fund	Long term corporate bonds	Long term Government bonds	U.S. Treasury bills	CSRS trust fund
1971	1.00	1.00	1.00	1.00	1.00
1972	1.06	1.09	1.10	1.09	1.07
1973	1.16	1.20	1.18	1.16	1.15
1974	0.92	1.17	1.23	1.25	1.26
1975	1.17	1.34	1.35	1.37	1.39
1976	1.45	1.59	1.57	1.59	1.62
1977	1.35	1.62	1.56	1.65	1.61
1978	1.45	1.61	1.55	1.57	1.60
1979	1.70	1.55	1.53	1.73	1.71
1980	2.25	1.51	1.47	1.95	1.90

¹ All data are for calendar years except for the CSRS fund. The CSRS data are for fiscal years. The transition quarter between 1976 and 1977 was excluded.

Source: "Stocks, Bonds, Bills, and Inflation 1984 Yearbook," Chicago: R.G. Ibbotson Associates, Inc., 1984, 105 p. Also, U.S. Office of Personnel Management, The Investment Record of the Civil Service Retirement System, Washington, 1983, 25 p.

¹ Fossil, Jon S. Investment Implications of S. 1527 Thrift Savings Plan. Alliance Capital Management Corporation, Sept. 9, 1985, 16 p.

² Ibid., p. 7.

³ Ibid., slide IV.

⁴ The data for the Standard and Poor's Index and long-term government bonds were for calendar years. The data for the CSRS trust fund were for fiscal years, excluding the transition quarter of 1976.

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TABLE 3 — MEAN AND STANDARD DEVIATIONS OF TOTAL ANNUAL RETURNS OF SELECTED SECURITIES

Securities	In percent				Number of years
	Mean	Standard deviation	Min.	Max.	
1971-80					
S&P 500 index	11.4	21.8	4.1	31.4	5*
Long term corporate bonds	11.7	16.1	8.1	27.8	5*
Long term government bonds	11.1	15.1	5.1	26.8	5*
U.S. Treasury bills	11.1	15.1	5.1	26.8	5*
Govt. trust funds	11.4	14.1	4.1	26.8	5*
1961-80					
S&P 500 index	10.3	20.1	2.1	31.4	10
Long term corporate bonds	10.3	16.1	4.1	27.8	10
Long term government bonds	10.1	15.1	4.1	26.8	10
U.S. Treasury bills	10.3	15.1	4.1	26.8	10
Govt. trust funds	10.6	14.1	4.1	26.8	10
1951-80					
S&P 500 index	9.7	17.1	2.1	31.4	20
Long term corporate bonds	9.7	16.1	4.1	27.8	20
Long term government bonds	9.7	15.1	4.1	26.8	20
U.S. Treasury bills	9.7	15.1	4.1	26.8	20
Govt. trust funds	9.7	14.1	4.1	26.8	20
1941-80					
S&P 500 index	11.4	18.1	4.1	31.4	30
Long term corporate bonds	11.4	16.1	4.1	27.8	30
Long term government bonds	11.4	15.1	4.1	26.8	30
U.S. Treasury bills	11.4	15.1	4.1	26.8	30
Govt. trust funds	11.4	14.1	4.1	26.8	30

* All data are for calendar year except for the S&P 500. The 1980 data are for the first quarter between 1981 and 1982.

SOURCE: U.S. Treasury, Bonds, Bills, and Money Market Statistics, Chicago, P. C. Research Associates, Inc. 1984. U.S. Social Security Administration, Social Security Investment Report of the Social Security Retirement System, Washington, 1984, 22 p.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. EAGLETON. I yield such time as the Senator from Tennessee may consume.

AMENDMENT NO. 977

(Purpose: To eliminate the requirement of financial hardship as a condition for obtaining a loan from the Thrift Savings Fund.)

Mr. GORE. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Tennessee [Mr. GORE] proposes an amendment numbered 977. On page 176, line 24, beginning with "in," strike out all through "hardship" on line 25.

Mr. GORE. Mr. President, this amendment has been discussed on both sides of the aisle.

Section 8426(e) of this legislation directs the Thrift Investment Board to establish a program to make loans available from sums that an employee has contributed to the Thrift Savings Fund. Section 8426 specifies that any such loan be made only in case of financial hardship.

Because the imposition of a financial hardship requirement does not comport with the vast majority of such plan provisions in private industry, my amendment would strike the hardship requirement from the bill. The effect of the amendment would be to broaden the Board's discretion to establish a loan program under section 8426.

This amendment is prompted by my review of recent studies conducted by Hewitt Associates and the Permanent Commission on Public Employee Pension and Retirement Systems. Those studies indicate that over 80 percent of the thrift-type plans in the private sector which include loan provisions do not include a financial hardship requirement. The applicable statutory requirements direct employers who choose to make loans available to do the following: Make loans available to all participants on a nondiscriminatory basis; make sure that the loans are adequately secured; and require that they bear a reasonable rate of interest. Although an employer may choose to impose a hardship requirement, it is not required by law.

We should leave that decision to the Board. The establishment of a hardship requirement would create a significant and costly administrative problem for the Board or whatever entity is responsible for assessing employee claims of hardship.

More importantly, I think that Federal workers under this legislation should stand on the same footing as the majority of those in private industry who participate in similar capital accumulation. I emphasize that my amendment would not alter the bill's requirement that loans be made only from amounts contributed by the employee and not from the Government matching contribution.

I have always felt that one of the attractive aspects of the thrift plan concept is the fact that it is a retirement vehicle that provides, in effect, an increase in salary through the employer matching provision. But that matching benefit only accrues to those who are able to and choose to participate. Elimination of the financial hardship requirement, in my opinion, would increase the ability and the willingness of Federal workers to participate in the thrift plan. It is a worthwhile amendment and I urge its adoption.

Mr. STEVENS. Mr. President, I have some concerns with this amendment. The bill currently permits loans in hardship cases. This amendment loosens the hardship restrictions on loans. The primary purpose of the thrift plan is to augment retirement income, not establish a new lending institution. I am particularly concerned that employees will borrow their contributions, not repay them and simply take advantage of the Government contributions at retirement.

My understanding is that the executive director of the board will continue to regulate loan arrangements from the fund. I would be interested to

know from the distinguished manager of the bill from the Democratic side what his views are on loan restrictions.

Mr. EAGLETON. As the distinguished Republican manager of the bill knows, the loan arrangements are still subject to ERISA restrictions which include a requirement to repay the loan at the market rate of interest, plus the loan must be secured. But I would agree with my colleague that the policy for loans, while not based on financial hardship, still be limited to those situations in which a verifiable need for the loan exists, such as education or medical expenses.

Mr. STEVENS. I would hope that the executive director has the requisite authority to assure the loans be repaid.

Mr. EAGLETON. I agree. It is clearly our intention that the executive director have the authority to enforce the requirement to repay the loans.

Mr. STEVENS. Mr. President, this comports with the private sector practice. This amendment of Senator GORE's eliminates that hardship restriction.

Mr. President, we are prepared to accept the amendment.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. STEVENS. Mr. President, there is no specific time on any amendment, is there?

The PRESIDING OFFICER. There are 10 minutes on each side.

Mr. STEVENS. I yield back our time.

Mr. GORE. We yield back our time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment.

The amendment (No. 977) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote.

Mr. GORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCREASE IN PUBLIC DEBT LIMIT

Mr. STEVENS. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Joint Resolution 372.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved "That the House disagree to the amendments of the Senate to the amendments of the House to the amendments of the Senate to the resolution (H.J. Res. 372) entitled 'Joint resolution increasing the statutory limit on the public debt', and ask a further conference with the Senate on the disagreeing votes of the two Houses thereon."

Ordered, That the following are appointed as conferees:

From the Committee on Ways and Means: Mr. Rostenkowski, Mr. Gibbons, Mr. Pickle, Mr. Rangel, Mr. Stark, Mr. Jones of Oklahoma.

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ma. Mr. Jenkins, Mr. Oephardt, Mr. Russo, Mr. Duncan, Mr. Archer, Mr. Vander Jagt, Mr. Crane, and Mr. Pressel.

From the Committee on Appropriations: Mr. Whitten, Mr. Boland, Mr. Natcher, Mr. Smith of Iowa, Mr. Pursell, and Mr. Loeffler.

From the Committee on Rules: Mr. Pepper, Mr. Moakley, Mr. Derrick, Mr. Bellenson, Mr. Frost, Mr. Latta, and Mr. Lott.

From the Committee on Government Operations: Mr. Brooks, Mr. Puqua, Mr. Waxman, Mr. Bynar, Mr. Horton, and Mr. Kindness.

From the Committee on the Budget: Mr. Gray of Pennsylvania, Mr. Downey of New York, Mr. Miller of California, Mr. Leath of Texas, Mr. Kemp, and Mr. Gradison.

Appointed as additional conferees: Mr. Foley, Mr. Ford of Michigan, Mr. Obey, Mr. Aspin, Mr. Mineta, Ms. Oskar, Mr. Panetta, Mr. Pazio, Mr. Michel, Mr. Dickinson, Mr. Cheney, Mr. Lewis of California, Mrs. Martin of Illinois, and Mr. Mack.

Mr. STEVENS. Mr. President, this has been cleared with the distinguished leader on the Democratic side of the aisle. I move that the Senate insist on its amendments and agree to the conference requested by the House and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer [Mr. WALLOP] appointed Mr. PACKWOOD, Mr. DOMENICI, Mr. ROTH, Mr. DANFORTH, Mr. ARMSTRONG, Mr. GRAMM, Mr. RUDMAN, Mr. LONG, Mr. BENTSEN, Mr. CHILES, Mr. LEVIN, Mr. BORN, and Mr. HOLLINGS conferees on the part of the Senate.

FEDERAL RETIREMENT REFORM ACT

AMENDMENT NO. 978

(Purpose: To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to establish a new retirement and disability plan for certain employees of the Central Intelligence Agency.)

Mr. EAGLETON. Mr. President, I have an amendment I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. EAGLETON], for himself and Mr. STEVENS, proposes an amendment numbered 978.

Immediately following title III, insert the following:

TITLE IV—CENTRAL INTELLIGENCE AGENCY RETIREMENT REFERENCES

Sec. 401. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended—

(1) in section 111, by striking out "When" and inserting in lieu thereof "Except as otherwise provided in section 302 of this Act, when";

(2) by striking out "this Act" each place it appears in title II except in sections 201 and 264, and inserting in lieu thereof "this title"; and

(3) by inserting "under this title" after "payable from the Fund" each place it appears in title II.

CONTRIBUTIONS TO THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

Sec. 402. Section 211 of the Central Intelligence Agency Retirement Act of 1964 for

Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended—

(1) by inserting "Except as provided in subsection (d)," before "7 percent" in the first sentence of subsection (a); and

(2) by adding at the end thereof the following new subsection (d):

"(d)(1) In the case of a participant who was a participant subject to this Act before January 1, 1984, and whose service—

"(A) is employment for the purposes of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954, and

"(B) is not creditable service for any purpose under title III of this Act or chapter 84 of title 5, United States Code,

there shall be deducted and withheld from the basic pay of the participant under this subsection during any pay period only the amount computed pursuant to paragraph (2).

"(2) The amount deducted and withheld from the basic pay of a participant during any pay period pursuant to paragraph (1) shall be the excess of—

"(A) the amount determined by multiplying the percent applicable to the participant under subsection (a) by the basic pay payable to the participant for such pay period, over

"(B) the amount of the taxes deducted and withheld from such basic pay under section 3101(a) of the Internal Revenue Code of 1954 for such pay period."

OFFSET OF ANNUITY BY THE AMOUNT OF SOCIAL SECURITY BENEFITS

Sec. 403. Section 221 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended by adding at the end thereof the following new subsection:

"(p)(1) Effective on the first day of the month in which an annuitant, including a survivor, becomes 62 years of age, the annuity computed under the other subsections of this section and payable to the annuitant shall be reduced (but not below zero) by the amount determined by multiplying the amount of the old-age and survivors insurance benefits which the annuitant is entitled to receive under section 302 of the Social Security Act for the such month, if any, by a fraction—

"(A) the numerator of which is the total of the wages (within the meaning of section 309 of the Social Security Act) for service which is referred to in paragraph (2) of this subsection for years before the calendar year in which such month occurs, and

"(B) the denominator of which is the total of all wages (within the meaning of section 309 of the Social Security Act) and all self-employment income (within the meaning of section 211(b) of the Social Security Act)—

"(i) of such annuitant, or

"(ii) in the case of a survivor, of the participant on whose service the annuity is based,

credited for years after 1936 and before the calendar year in which such month occurs.

"(2) The service referred to in paragraph (1)(A) of this subsection is service which is covered by amounts deducted and withheld as provided in section 211(d), is service described in subparagraphs (C) through (G) of section 210(a)(5) of the Social Security Act, and is taken into account for the purpose of computing the annuity to which paragraph (1) of this subsection applies."

TREATMENT OF CERTAIN RECALL SERVICE

Sec. 404. Section 271 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1052; 50 U.S.C. 403 note) is amended by adding at the end thereof the following new subsection:

"(c) Subsection (b) shall not apply to an annuitant who becomes subject to title III of this Act by reason of recall service."

CONFORMITY BETWEEN THE FEDERAL RETIREMENT SYSTEM AND THE CENTRAL INTELLIGENCE AGENCY PENSION SYSTEM

Sec. 405. Section 292 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees (50 U.S.C. 403 note) is amended by adding at the end thereof the following new subsection:

"(c) The President shall maintain, under the same conditions and in the same manner as provided in subsections (a) and (b), existing conformity between the Federal Retirement System provided in chapter 84 of title 5, United States Code, and the Central Intelligence Agency Pension System provided in title III of this Act."

CENTRAL INTELLIGENCE AGENCY PENSION SYSTEM

Sec. 406. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note) is amended by adding at the end thereof the following:

"TITLE III—CENTRAL INTELLIGENCE AGENCY PENSION SYSTEM
"ESTABLISHMENT

Sec. 301. (a) There is hereby established a Central Intelligence Agency Pension System.

"(b)(1) Except as otherwise specifically provided in this title or any other provision of law, all participants in the Central Intelligence Agency Pension System shall be subject to the provisions of chapter 84 of title 5, United States Code, and shall be treated in all respects as persons whose participation in the Federal Retirement System provided in that chapter is required by section 8402 of such title.

"(2) Participants in the Central Intelligence Agency Pension System may not make an election authorized by section 8418(c) of title 5, United States Code, and shall not be entitled to any benefits under chapter 84 of such title which result from such an election.

"DEFINITIONS

"Sec. 302. As used in this title, unless otherwise specified—

"(1) the term 'annuity' means the annuity which is described in subchapter II of chapter 84 of title 5, United States Code, and is payable to a Pension System participant;

"(2) the term 'dynamic assumptions' has the same meaning as provided in section 8401(9) of title 5, United States Code;

"(3) the term 'Fund' means the Central Intelligence Agency Retirement and Disability Fund maintained by the Director pursuant to section 202;

"(4) the term 'normal cost' means the entry-age normal cost of the provisions of the System which relate to the Fund, computed by the Director in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay, and shall be used to value the cost of the System for all purposes for which the cost of the System is required to be determined;

"(5) the term 'Pension System participant' means a person who participates in the Central Intelligence Agency Pension System;

"(6) the term 'supplemental liability' means the estimated excess of—

"(A) the actuarial present value of all future benefits payable from the Fund under this title, over

"(B) the sum of—

"(i) the actuarial present value of the future contributions to be made on behalf

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of participants pursuant to section 204(b)(2)(A) of this Act, and

"(6) the balance in the Fund attributable to the System on the date the supplemental liability is determined or to contributions made under section 204(b) or 205 of the Federal Employees' Retirement Contribution Temporary Adjustor Act of 1983 (97 Stat. 1106, 5 U.S.C. 8331 note); and

"(7) the term 'System' means the Central Intelligence Agency Pension System.

"PENSION SYSTEM PARTICIPANTS"

"Sec. 303. (a) Except for persons excluded by subsection (b), all officers and employees of the Agency, any of whose service after December 31, 1983, is employment for the purpose of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954 shall be Pension System participants.

"(b) Participants in the Central Intelligence Agency Retirement and Disability System who were participants in such system on or before December 31, 1983, and who have not had a break in service in excess of 1 year since that date, are not made Pension System participants by this section, without regard to whether they are subject to title II of the Social Security Act.

"SPECIAL RULES RELATING TO THE ENTITLEMENT OF SECTION 303 EMPLOYEES TO ANNUITY"

"Sec. 304. (a) Any Pension System participant who is described in section 203 and retires voluntarily or mandatorily under section 102(c) of the National Security Act of 1947 (61 Stat. 498, 50 U.S.C. 403(c)) or section 233 or 235 of this Act under conditions authorizing an immediate annuity for participants in the Central Intelligence Agency Retirement and Disability System shall be entitled to an immediate annuity computed under subsections (a)(2), (a)(3), and (c) of section 8413 of title 5, United States Code. The annuity shall not be subject to reduction under section 8414 of such title.

"(b) A Pension System participant who is entitled to an immediate annuity under subsection (a) shall be entitled to receive an annuity supplement while under 62 years of age. The annuity supplement shall be based on the total creditable service of the participant and shall be computed and increased in accordance with section 8413(b) of title 5, United States Code.

"(c)(1) Any Pension System participant described in section 203 may be retired under the conditions specified in sections 233 and 235(a) and shall be retired under the conditions specified in section 235(b). Each Pension System participant so retired shall receive benefits under this title.

"(2) For the purpose of this subsection—

"(A) the term 'participant', as used in the sections referred to in paragraph (1), means a Pension System participant described in section 203; and

"(B) the term 'system', as used in section 233, means the Central Intelligence Agency Pension System.

"(d) Any Pension System participant described in section 203 who is separated under the conditions specified in section 234(a) shall be entitled to a deferred annuity under section 8412 of title 5, United States Code, unless the Director determines that the separation was based in whole or in part on disloyalty to the United States.

"FUNDING"

"Sec. 305. (a) All payments under subchapters II, IV, and VII of chapter 84 of title 5, United States Code, based on the service shall be paid by the Director from the Fund.

"(b)(1) All sums required to finance the payments referred to in subsection (a) shall be credited to the Fund.

"(2) The sums referred to in paragraph (1) are—

"(A) amounts which are determined by the Director to be necessary to defray the normal cost of the benefits, other than disability benefits, payable under this title to Pension System participants;

"(B) the sums which are transferred to the Fund by the Secretary of the Treasury to amortize over 30 years the supplemental liability of the System which is attributable to Pension System participants as computed at the end of each fiscal year beginning after September 30, 1987; and

"(C) the sums which are transferred by the Secretary of the Treasury to the Fund out of funds appropriated to the Department of Defense for the purpose of paying the costs incurred during any year which relate to the creditable military service of Pension System participants.

"(c) At least every 5 years, the Secretary of the Treasury shall prepare periodic valuations of the Central Intelligence Agency Pension System and shall advise the Director of (1) the normal cost of the System, without regard to the cost of disability payments, (2) the supplemental liability of the System, and (3) the amounts necessary to finance the costs of the System.

"THRIFT SAVINGS PLAN"

"Sec. 306. (a) The Director, in consultation with the Executive Director of the Federal Retirement Thrift Investment Board may—

"(1) maintain exclusive records relating to Pension System participants' elections, contributions, and accounts under the Thrift Savings Plan provided in subchapter III of chapter 84 of title 5, United States Code; and

"(2) provide for investments under the Thrift Savings Plan to be made and accounted for by such Executive Director in aggregate amounts for the Central Intelligence Agency Pension System.

"(b) The Director may make the necessary allocations of earnings, losses, and charges to individual accounts of Pension System participants under the Thrift Savings Plan.

"(c) The Executive Director of the Federal Retirement Thrift Investment Board may not exercise authority under subchapter III or VIII of chapter 84 of title 5, United States Code, in the case of the Central Intelligence Agency Pension System to the extent that the Director exercises authority provided in subsections (a) and (b).

"DISABILITY"

"Sec. 307. The Director, instead of the Office of Personnel Management, may contract with an administrator of benefits (as defined in section 8411(1) of title 5, United States Code), for the purpose of administration of benefits under subchapter V of chapter 84 of such title with respect to Pension System participants.

"GENERAL AND ADMINISTRATIVE PROVISIONS"

"Sec. 308. (a) The Director shall administer the Central Intelligence Agency Pension System except for matters (other than matters to which section 306 of this Act applies relating to the Thrift Savings Plan provided in subchapters III and VIII of chapter 84 of title 5, United States Code, and matters (other than matters to which section 307 of this Act applies) relating to disability benefits under subchapter V of such chapter. The Director shall, with respect to the Central Intelligence Agency Pension System, perform the functions and exercise the authority vested in the Office of Personnel Management or the Director of such Office by such chapter 84, and may issue regulations for such purposes.

"(b) Section 201(c) shall apply to determinations of the Director under the Central In-

telligence Agency Pension System which is made by the Office of Personnel Management under chapter 84 of title 5, United States Code, the Director of such Office, or an administrator of benefits (as defined in section 8411(1) of such title), would be appealable to the Merit Systems Protection Board, to such Office, or to the Director of such Office.

"TRANSITION PROVISIONS"

"Sec. 309. The Director shall issue regulations providing for the transition from the Central Intelligence Agency Retirement and Disability System to the Central Intelligence Agency Pension System. For this purpose, the provisions of sections 8471, 8472, and 8473 of title 5, United States Code, relating to the Civil Service Retirement and Disability System and contributions, deposits, pay computations, service credit, and disability retirement under such system, shall be deemed to refer in like manner to the Central Intelligence Agency Retirement and Disability System and contributions, deposits, pay computations, service credit, and disability retirement thereunder.

"REFERENCES IN OTHER LAWS"

"Sec. 310. References made to participation in the Federal Retirement System in sections 8113(c), 8475, 8704(a)(2), and 8705, e of title 5, United States Code, section 210(a)(5)(H) of the Social Security Act, and section 3121(b)(5)(H) of the Internal Revenue Code of 1954 shall be deemed to refer to participation in the Central Intelligence Agency Pension System."

Redesignate the succeeding title and sections accordingly.

Mr. EAGLETON. Mr. President, the purpose of this amendment is to revise the current CIA Retirement and Disability System to provide retirement provisions to personnel covered by that system in the future, who were first hired after December 31, 1983, benefits comparable to the provisions Senator Lucas's amendment provides to new Foreign Service personnel hired after that same date.

I point out that when it was established in 1964, the CIA system was patterned after the Foreign Service System. Furthermore, the proposed benefit provisions are the same as we are providing for Federal law enforcement officers.

AMENDMENT NO. 979

(Purpose: To improve the administration of retirement benefits for officers and employees of the Central Intelligence Agency.)

Mr. DURENBERGER. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. Is this an amendment to the amendment?

Mr. DURENBERGER. This is an amendment to the amendment by the Senator from Missouri.

The PRESIDING OFFICER. Is all time yielded back on the first amendment?

Mr. STEVENS. All time is yielded back.

Mr. EAGLETON. We yield back our time.

The PRESIDING OFFICER. The clerk will report.

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The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. DURENBERGER) (for himself and Mr. HOLLINGS) proposes an amendment numbered 979 to amendment No. 978.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, immediately following line 1, insert the following:

ADMINISTRATION OF THE CIVIL SERVICE RETIREMENT AND DISABILITY SYSTEM FOR EMPLOYEES OF THE CENTRAL INTELLIGENCE AGENCY

SEC. 407. Section 5347 of title 5, United States Code, is amended by adding at the end thereof the following new subsection (C):

"(C) Notwithstanding any other provision of this subchapter, the Director of Central Intelligence shall—

"(A) administer the provisions of this subchapter with respect to officers and employees of the Central Intelligence Agency; and

"(B) perform the functions and duties which would otherwise be performed with respect to such officers and employees by the Office of Personnel Management or the Director of such Office under this subchapter.

"(2) The Director of the Office of Personnel Management shall furnish such information and services to the Director of Central Intelligence as the Director of Central Intelligence determines necessary to carry out paragraph (1) of this subsection."

REPORT ON EXPANSION OF COVERAGE OF THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 408. (a) The Director of Central Intelligence shall determine whether it would be appropriate to expand the coverage of the Central Intelligence Agency Retirement and Disability System to include any officers and employees of the Central Intelligence Agency who are subject to the Civil Service Retirement and Disability System under subchapter III of chapter 53 of title 5, United States Code.

(b) Not later than 1 year after the date of the enactment of this Act, the Director of Central Intelligence shall transmit to the Congress the Director's determinations under subsection (a) and any recommendations for legislation which the Director considers appropriate and relate to such determinations.

Mr. DURENBERGER. Mr. President, I rise on behalf of myself and my colleague, Senator HOLLINGS, to amend the amendment of the Senator from Missouri.

Let me say first that I do this in a spirit of improving an already excellent amendment. I do it also with a great deal of admiration and respect for anyone who has to occupy the position of chairing the Subcommittee on Civil Service, Post Office, and General Services. It is a subcommittee that handles issues that only a few people care about and that nobody ever sends thank-you notes about.

So on behalf of those of us who are on their subcommittee, I publicly compliment the Senator from Alaska and the Senator from Missouri for taking on a series of headaches that nobody

else would ever want to take on and for producing in the underlying bill here, today an incredible piece of legislation. It may end up pleasing no one but it will be a testimonial, by that very fact, to their skill as legislators in this very difficult area.

Senator EAGLETON's amendment is important and must be passed. It covers two areas not included in the pending legislation—coverage of Central Intelligence Agency personnel under the new Civil Service Retirement System and inclusion of overseas agency personnel under the so-called special early retirement provisions for high risk occupations. But, unfortunately, the amendment does not go quite far enough to cover the unusual circumstances affecting CIA personnel.

As you are aware, the CIA has come under a great deal of public and congressional scrutiny in the past decade and certainly in the past week. Unfortunately, what you are not seeing or hearing are the thousands of actions they are doing right on a daily basis. In particular, we are consistently demanding that our intelligence officers abroad provide more and more information on hostile intentions, especially those of terrorists.

This involves risk. More and more of our CIA field personnel are being subjected to threats and abuse. Two years ago we witnessed an example of this when a number of them were killed by a terrorist bombing of the U.S. Embassy in Beirut. And as their assignment become more hazardous and demanding, the special mental and physical requirements necessary of the intelligence officer increase dramatically.

To meet this standard the CIA must continually replace its officers overseas with younger personnel whose identities are not known and who can stand up to the stresses of their environment. To do this the CIA currently allows these officers to retire at age 50. The Director of Central Intelligence can demand that they retire at age 55.

Yet making these demands on our CIA personnel forces them out at an age where job opportunities are limited. In addition, their skills are unique and we vigorously discourage them from revealing or marketing their expertise in new careers. That is why we must be careful not to send a false message—that their Government demands the risk, but is unwilling to pay the price. If we are not going to pay these people what they deserve up front, then we must provide for them at the end.

I am pleased to say, Mr. President, that there is nearly unanimous agreement on this point and that the pending amendment will continue the early retirement program for our overseas intelligence officers. But there are two modifications necessary if we are to truly insure the security, integrity, and effectiveness of the Central Intelligence Agency's retirement system.

First, this amendment provides for full self administration by the CIA of its retirement and disability programs. This is critical if the Agency is to maintain confidentiality for its employees who are serving or will serve—literally a life and death need in this time of international terrorism. Under current law, only overseas personnel records are strictly maintained in-house by the Agency. In the Eagleton amendment, this is expanded to cover future nonoverseas employees. But a critical gap continues for the thousands of current nonoverseas personnel whose records are maintained by OPM and other nonsecure agencies around Washington.

Second, the amendment requires the Director of Central Intelligence to study the current CIA Retirement Program and determine what changes and expansions are appropriate. It has been 20 years since such a major review has been done and it is clear to this Senator that modifications are necessary.

In our discussions with the Government Affairs Committee and the CIA, we have concluded that it may be necessary to expand the current CIA Retirement and Disability Program to meet special needs. Is this also the understanding of the Senator from Missouri?

Mr. EAGLETON. Yes, it is.

Mr. DURENBERGER. We also believe that it is important that we conduct such a review of the CIA Retirement and Disability System and make appropriate changes within the next year. Does the Senator also believe this is correct?

Mr. EAGLETON. Yes, I do.

Mr. DURENBERGER. I thank the Senator.

Mr. President, I had also intended to propose that we prevent the deterioration of pension benefits for future overseas and cover personnel. Currently, the average CIA officer will retire with a pension that will replace 47 percent of this preretirement salary.

Under the pending legislation, this same employee will retire with only a 41-percent-replacement rate. But by slightly adjusting the pension accrual rate from 1 percent to 1.3 percent, this slip in benefits could be avoided. That is what I think should be done but in the interest of seeing this legislation enacted quickly, I will not make that proposal today. But I do expect the DCI to review this in the context of his study.

Our intelligence officers face hazards unknown to other overseas or law enforcement personnel. They and their families must lead their lives undercover, never telling friends and acquaintances of their true mission and responsibilities. In a world filled with terrorism, their very safety and lives are at stake if their cover is revealed. Most of these officers also work two jobs—their cover employment and their agency duties. And, finally, the

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nature of this work is very exacting, dangerous, and difficult. In short, it is unlike any other work in government.

Mr. President, there is a great need for a strong and effective human intelligence service in today's international environment. My service on the Select Committee on Intelligence has made me well aware of how much we depend on the fine men and women of our intelligence community. Their responsibilities are unique and their contribution is unparalleled. It is my determination that they, in turn, will be able to depend on us. I urge that the Senate support me in this effort and adopt this amendment.

Mr. HOLLINGS. Mr. President, I rise in support of the amendment of the chairman of the Intelligence Committee.

The men and women who serve in the Central Intelligence Agency are some of the finest we have in public service. They are first class in terms of experience, expertise, and special skills. Their responsibilities are difficult, unique, and often life-threatening. And, their successes are never publicly acknowledged. They are truly the front line of a "silent war" against terrorism, subversion, and attacks upon the United States and its allies.

The amendment before the Senate does two important things: it allows the CIA to administer its retirement system in order to provide adequate security of the names, addresses, and occupations of its employees; and it instructs the Director of Central Intelligence to review the existing CIA Retirement and Disability System and recommend any necessary expansions and modifications.

Mr. President, our overseas intelligence officers face hazards unknown to the Foreign Service or law enforcement personnel. They and their families must lead their lives undercover, never revealing their true mission to friends or acquaintances. If their cover is ever revealed their very safety and lives are at risk. At this moment there is a memorial at Langley for over 70 intelligence officers who have given their lives in service to this country. More names will be added as a result of the Embassy bombing in Beirut and other recent acts of terrorism. And, finally, most of these officers work two jobs—their cover employment and their agency duties.

In short, the work of an intelligence officer is very exacting, difficult, and dangerous. It is unlike any other work in government. Yet the Government cannot offer top salaries to this talented and highly skilled group of professionals. Instead, we have to largely rely on their sense of duty, loyalty, and idealism.

But we can do one thing—we can prevent their pension from deteriorating in the future, as the pending legislation allows. That is what Senator DURENBERGER and I intended to do today. But we see which way the current is running here and in the inter-

est of comity will revisit that issue in the future. But our message is clear—we intend to work on this issue next year. We intend to do our best to assure this cadre of professionals that we understand and appreciate their contribution.

Mr. President, this amendment rests on the merits and should be passed. It does not violate the spirit of this legislation and it does not violate the spirit of reform. I have been involved in civil service pension reform for years and will match my record against any in this Chamber. I led the fight to eliminate the "1 percent kicker" in 1976. I led the fight to end the "look back" provision in 1980. I led the fight to end the "dual COLA's" in 1981. I know what good reform is and I also know the political price we often have to pay back home to get it enacted.

But let me tell you that the bandwagon for reform in this legislation should not run over good solid public policy. Our intelligence officers deserve support now and in the future. I urge my colleagues to enact this amendment.

Mr. DURENBERGER. I believe that this amendment has been cleared with both the Senator from Missouri, the proponent of the amendment it seeks to amend, and our leader from Alaska.

The PRESIDING OFFICER. Do the Senators yield back their time.

Mr. STEVENS. Mr. President, I have no objection to the amendment to the amendment or to the basic amendment and urge their adoption. I yield back the remainder of our time.

The PRESIDING OFFICER. All time being yielded back, the question is on the amendment of the Senator from Minnesota.

The amendment (No. 979) was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri, as amended.

The amendment (No. 978) was agreed to.

Mr. DURENBERGER. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 980

(Purpose: To amend the Foreign Service Act of 1980 to reform the Foreign Service Retirement and Disability System.)

Mr. STEVENS. Mr. President, I send to the desk an amendment on behalf of the distinguished Senator from Indiana [Mr. LUGAR] and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. LUGAR, proposes an amendment numbered 980.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Immediately following title III, insert the following:

TITLE IV—FOREIGN SERVICE RETIREMENT

REDESIGNATION OF CERTAIN PROVISIONS OF THE FOREIGN SERVICE ACT OF 1980

SEC. 401. (a) Chapter 8 of title I of the Foreign Service Act of 1980 (94 Stat. 2102, 22 U.S.C. 4041 et seq.) is amended—

(1) by striking out the caption of such chapter and inserting in lieu thereof the following:

CHAPTER 8—FOREIGN SERVICE RETIREMENT AND DISABILITY

"SUBCHAPTER I—FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM"

(2) by striking out "this chapter" each place it appears and inserting in lieu thereof "this subchapter"; and

(3) by inserting "under this subchapter" after "payable from the Fund" each place it appears:

(b)(1) Section 808(d) of such Act (94 Stat. 2110, 22 U.S.C. 4048(d)) is amended—

(A) by striking out "such subchapter" each place it appears in the second and third sentences and inserting in lieu thereof "subchapter I of such chapter 8"; and

(B) by striking out "Act" each place it appears and inserting in lieu thereof "subchapter".

(2) Section 808(e) of such Act (94 Stat. 2111; 22 U.S.C. 4048(e)) is amended by striking out "Act" each place it appears and inserting in lieu thereof "subchapter".

(c) Section 809(a) (94 Stat. 2111; 22 U.S.C. 4049(a)) is amended by striking out "Act" and inserting in lieu thereof "subchapter".

CONTRIBUTIONS TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

SEC. 402. Section 805 of the Foreign Service Act of 1980 (94 Stat. 2104, 22 U.S.C. 4045) is amended—

(1) by inserting "Except as provided in subsection (g)," before "7 percent" in the first sentence of subsection (a); and

(2) by adding at the end thereof the following new subsection (g):

"(g)(1) In the case of an employee or member of the Service who was a participant subject to this subchapter before January 1, 1984, and whose service—

"(A) is employment for the purposes of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954 and

"(B) is not creditable service for any purpose under subchapter II of this chapter or chapter 84 of title 5, United States Code,

there shall be deducted and withheld from the basic pay of the employee or member of the Service under this subsection during any pay period only the amount computed pursuant to paragraph (2).

"(2) The amount deducted and withheld from the basic pay of an employee or member of the Service during any pay period pursuant to paragraph (1) shall be the excess of—

"(A) the amount determined by multiplying the percent applicable to the employee or member of the Service under subsection (a) by the basic pay payable to the employee or member of the Service for such pay period, over

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"(B) the amount of the taxes deducted and withheld from such basic pay under section 3101(a) of the Internal Revenue Code of 1954 for such pay period."

OFFSET OF ANNUITY BY THE AMOUNT OF SOCIAL SECURITY BENEFITS

Sec. 403. Section 806 of the Foreign Service Act of 1980 (94 Stat. 2106; 22 U.S.C. 4046) is amended by adding at the end thereof the following new subsection:

"(m)(1) Effective on the first day of the month in which an annuitant, including a survivor, becomes 62 years of age, the annuity computed under the other subsections of this section and payable to the annuitant shall be reduced (but not below zero) by the amount determined by multiplying the amount of the old-age and survivors insurance benefits which the annuitant is entitled to receive under section 202 of the Social Security Act for such month, if any, by a fraction—

"(A) the numerator of which is the total of the wages (within the meaning of section 209 of the Social Security Act) for service which is referred to in paragraph (2) of this subsection for years before the calendar year in which such month occurs, and

"(B) the denominator of which is the total of all wages (within the meaning of section 209 of the Social Security Act) and all self-employment income (within the meaning of section 211(b) of the Social Security Act)—

"(i) of such annuitant, or

"(ii) in the case of a survivor, of the participant on whose service the annuity is based, credited for years after 1936 and before the calendar year in which such month occurs.

"(2) The service referred to in paragraph (1)(A) of this subsection is service which is covered by amounts deducted and withheld as provided in section 805(g), is service described in subparagraphs (C) through (G) of section 210(a)(5) of the Social Security Act, and is taken into account for the purpose of computing the annuity to which paragraph (1) of this subsection applies."

TREATMENT OF CERTAIN RECALL SERVICE

Sec. 404. Section 823 of the Foreign Service Act of 1980 (94 Stat. 2122; 22 U.S.C. 4063) is amended by adding at the end thereof the following new subsection:

"(c) If an annuitant becomes subject to subchapter II of this chapter by reason of recall service—

"(1) subsections (a) and (b) shall not apply to such annuitant; and

"(2) section 824 shall apply to the recall service as if such service were reemployment."

REEMPLOYMENT

Sec. 405. Section 824 of the Foreign Service Act of 1980 (94 Stat. 2122; 22 U.S.C. 4064) is amended to read as follows:

"Sec. 824. REEMPLOYMENT.—(a)(1)(A) Except in the case of an annuitant who makes an election under subsection (b), if any member of the Service who has retired and is receiving an annuity under this subchapter or subchapter II of this chapter becomes employed in an appointive or elective position in the Government, payment of any annuity under either subchapter to the annuitant terminates effective on the date of the employment.

"(B) If an annuity of an annuitant is terminated under subparagraph (A) by reason of reemployment and—

"(i) the annuitant was not entitled to an annuity under subchapter II of this chapter before the reemployment began, or

"(ii) the reemployment service is subject to the Federal Retirement System under chapter 84 of title 5, United States Code,

the terminated annuity shall resume and the annuitant shall be entitled to an addi-

tional annuity under subchapter II of this chapter effective on the date of termination of the reemployment. The additional annuity shall be computed under sections 8413, 8414, and 8415 of title 5, United States Code (as made applicable by subchapter II of this chapter), based on the service during the period of reemployment and the basic salary paid the annuitant for such service.

"(2) A reemployed annuitant who, before reemployment, was entitled to an annuity under subchapter II of this chapter and has been reappointed in a status covered by the System under such subchapter shall be entitled to a redetermination of rights under such subchapter upon termination of the employment. If such annuitant, before reemployment, was also entitled to an annuity under subchapter I of this chapter, that annuity shall be resumed upon termination of the employment.

"(b)(1) A member of the Service who is entitled to an annuity under this subchapter or subchapter II of this chapter and becomes employed in an appointive or elective position in the Government on a part-time or temporary basis may elect to continue to receive either or both annuities as provided in this subsection.

"(2) The total annuity payable under this chapter to an annuitant making an election under paragraph (1) shall be reduced during the part-time or temporary employment referred to in such paragraph as necessary to meet the requirements of paragraph (3).

"(3) The sum of—

"(A) the total annuity payable under this chapter to an annuitant making an election under paragraph (1), and

"(B) the annual rate of pay payable to the annuitant during the part-time or temporary employment referred to in such paragraph,

may not exceed, in any year, the highest annual rate of pay which is payable during such year for full-time employment in the position in which the annuitant is employed.

"(4) Upon termination of the part-time or temporary employment referred to in paragraph (1), payment of the full annuity of an annuitant who has made an election under paragraph (1) of this subsection shall resume.

"(c) The amount of an annuity which has been terminated or reduced under this section by reason of the reemployment of the annuitant and is resumed under this section shall be the amount of the annuity which would have been payable if the annuitant had not accepted the reemployment. The amount of an annuity resulting from a redetermination of rights pursuant to subsection (a) shall not be less than the amount of the terminated annuity plus any increases under section 826 or section 8462 of title 5, United States Code, as appropriate, occurring after the termination of the annuity and before the commencement of the redetermined annuity.

"(d) If an annuitant to whom this section applies dies while reemployed, a survivor annuity payable with respect to the deceased annuitant shall be redetermined as if the employment had terminated on the date of death.

"(e) The annuity rights of any member of the Service who is reemployed in the Federal Government shall be determined under this section instead of section 8466 or 8474 of title 5, United States Code.

"(f) When any such retired member of the Service is reemployed, the employer shall send a notice of such reemployment to the Secretary of State, together with all pertinent information relating to such employment, and shall pay directly to such

member the salary of the position in which he or she is serving.

"(g) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed member of the Service or from any other moneys, including annuity payments, payable under this chapter."

COMPATIBILITY BETWEEN THE FEDERAL RETIREMENT SYSTEM AND THE FOREIGN SERVICE PENSION SYSTEM

Sec. 406. Section 827 of the Foreign Service Act of 1980 (94 Stat. 2124; 22 U.S.C. 4067) is amended by adding at the end thereof the following new subsection:

"(c) The President shall maintain, under the same conditions and in the same manner as provided in subsections (a) and (b), existing conformity between the Federal Retirement System provided in chapter 84 of title 5, United States Code, and the Foreign Service Pension System provided in subchapter II of this chapter."

FOREIGN SERVICE PENSION SYSTEM

Sec. 407. (a) Chapter 8 of title I of the Foreign Service Act of 1980 (94 Stat. 2102; 22 U.S.C. 4041 et seq.) is amended by adding at the end thereof the following:

SUBCHAPTER II—FOREIGN SERVICE PENSION SYSTEM

"Sec. 851. ESTABLISHMENT.—(a) There is hereby established a Foreign Service Pension System.

"(b)(1) Except as otherwise specifically provided in this subchapter or any other provision of law, all participants in the Foreign Service Pension System shall be subject to the provisions of chapter 84 of title 5, United States Code, and shall be treated in all respects as persons whose participation in the Federal Retirement System provided in that chapter is required by section 8402 of such title.

"(2) Participants in the Foreign Service Pension System may not make an election authorized by section 8418(c) of title 5, United States Code, and shall not be entitled to any benefits under chapter 84 of such title which result from such an election.

"Sec. 852. DEFINITIONS.—As used in this subchapter, unless otherwise specified—

"(1) the term 'annuity' means the annuity which is described in subchapter II of chapter 84 of title 5, United States Code, and is payable to a participant;

"(2) the term 'dynamic assumptions' has the same meaning as provided in section 8401(9) of title 5, United States Code;

"(3) the term 'Fund' means the Retirement and Disability Fund maintained by the Secretary of the Treasury pursuant to section 802;

"(4) the term 'normal cost' means the entry-age normal cost of the provisions of the System which relate to the Fund, computed by the Secretary of State in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay, and shall be used to value the cost of the System for all purposes for which the cost of the System is required to be determined;

"(5) the term 'participant' means a person who participates in the Foreign Service Pension System;

"(6) the term 'supplemental liability' means the estimated excess of—

"(A) the actuarial present value of all future benefits payable from the Fund under this subchapter, over

"(B) the sum of—

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"(i) the actuarial present value of the future contributions to be made on behalf of participants pursuant to section 855(b)(2)(A) of this Act; and

"(ii) the balance in the Fund attributable to the System on the date the supplemental liability is determined or to the contributions made under Section 204(b) or 205 of the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 (97 Stat. 1106; 5 U.S.C. 8331 note); and

"(7) the term 'System' means the Foreign Service Pension System.

"Sec. 853. PARTICIPANTS.—(a) Except for persons excluded by subsection (b), all members of the Foreign Service, any of whose service after December 31, 1983, is employment for the purpose of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954, who would, but for this section, be participants in the Foreign Service Retirement and Disability System pursuant to section 803 shall be participants in the Foreign Service Pension System.

"(b) Members of the Service who were participants in the Foreign Service Retirement and Disability System on or before December 31, 1983, and who have not had a break in service in excess of 1 year since that date, are not made participants in the System by this section, without regard to whether they are subject to title II of the Social Security Act.

"Sec. 854. ENTITLEMENT TO ANNUITY.—(a) Any participant who retires voluntarily or mandatorily under section 607, 608, 811, or 813 under conditions authorizing an immediate annuity for participants in the Foreign Service Retirement and Disability System shall be entitled to an immediate annuity computed under subsections (a)(2), (a)(3), and (c) of section 8413 of title 5, United States Code. The annuity shall not be subject to reduction under section 8414 of such title.

"(b) A participant who is entitled to an immediate annuity under subsection (a) shall be entitled to receive an annuity supplement while the annuitant is under 62 years of age. The annuity supplement shall be based on the total creditable service of the annuitant and shall be computed and increased in accordance with section 8413(b) of title 5, United States Code.

"(c)(1) Any participant may be retired under the conditions specified in section 811 and shall be retired under the conditions specified in sections 812 and 813 and receive benefits under this subchapter.

"(2) For the purposes of this subsection—
"(A) the term 'participant', as used in the sections referred to in paragraph (1), means a participant in the Foreign Service Pension System; and

"(B) the term 'System', as used in those sections, means the Foreign Service Pension System.

"(d) Any participant who is separated for cause under section 610 shall be entitled to a deferred annuity under section 8412 of title 5, United States Code, under the conditions specified in such section unless the Secretary determines that the separation was based in whole or in part on disloyalty to the United States.

"Sec. 855. FUNDING.—(a) All payments under this subchapter which are comparable to payments under subchapters II, IV, and VII of chapter 84 of title 5, United States Code, based on the service of participants or former participants shall be paid by the Secretary of State from the Fund

"(b)(1) All sums required to finance the payments referred to in subsection (a) shall be credited to the Fund.

"(2) The sums referred to in paragraph (1) are—

"(A) amounts which (i) are determined by the Secretary of State to be necessary to defray the normal cost of the benefits, other than disability benefits, payable under this subchapter to participants who are members of the Foreign Service, and (ii) are paid by each agency which employs any such participants;

"(B) the sums which are transferred to the Fund by the Secretary of the Treasury to amortize over 30 years the supplemental liability of the System which is attributable to such participants, as computed at the end of each fiscal year beginning after September 30, 1987; and

"(C) the sums which are transferred by the Secretary of the Treasury to the Fund out of funds appropriated to the Department of Defense for the purpose of paying the costs relating to the creditable military service of Foreign Service members who become participants during any year.

"(c) At least every 5 years, the Secretary of the Treasury shall prepare periodic valuations of the Foreign Service Pension System and shall advise the Secretary of State of (1) the normal cost of the System, without regard to the cost of disability payments, (2) the supplemental liability of the System, and (3) the amounts necessary to finance the costs of the System.

"Sec. 856. DISABILITY.—The Secretary of State (in consultation with the Medical Director of the Department of State and the Foreign Service), instead of an administrator of benefits (as defined in section 8441(1) of title 5, United States Code), shall determine whether a participant or former participant is unfit for overseas duty (within the meaning of section 808 of this Act) for the purposes of subchapter V of chapter 84 of such title.

"Sec. 857. GENERAL AND ADMINISTRATIVE PROVISIONS.—(a) The Secretary of State shall administer the Foreign Service Pension System except for matters relating to the Thrift Savings Plan provided in subchapters III and VIII of chapter 84 of title 5, United States Code, and disability benefits under subchapter V of such chapter (other than matters to which section 856 applies). The Secretary of State shall, with respect to the Foreign Service Pension System, perform the functions and exercise the authority vested in the Office of Personnel Management or the Director of such Office by such chapter 84, and may issue regulations for such purposes.

"(b) Determinations of the Secretary of State under the Foreign Service Pension System which, if made by the Office of Personnel Management under chapter 84 of title 5, United States Code, the Director of such Office, or an administrator of benefits (as defined in section 8441(1) of such title), would be appealable to the Merit Systems Protection Board, to such Office, or to the Director of such Office shall, instead, be appealable to the Foreign Service Grievance Board.

"Sec. 858. TRANSITION PROVISIONS.—The Secretary of State shall issue regulations providing for the transition from the Foreign Service Retirement and Disability System to the Foreign Service Pension System. For this purpose, the provisions of sections 8471, 8472, and 8473 of title 5, United States Code, relating to the Civil Service Retirement and Disability System and contributions, deposits, pay computations, service credit, and disability retirement under such system shall be deemed to refer in like manner to the Foreign Service Retirement and Disability System and contributions, deposits, pay computations, service credit, and disability retirement thereunder.

"Sec. 859. REFERENCES IN OTHER LAWS.—References made to participation in the Federal Retirement System in sections 8113(c), 8475, 8704(a)(2), and 8705(e) of title 5, United States Code, section 210(a)(5)(H) of the Social Security Act, and section 3121(b)(5)(H) of the Internal Revenue Code of 1954 shall be deemed to refer to participation in the Foreign Service Pension System."

"(b) The table of contents in section 2 of such Act is amended—

(1) by striking out the item relating to chapter 8 and inserting in lieu thereof the following:

"CHAPTER 8—FOREIGN SERVICE RETIREMENT AND DISABILITY

"SUBCHAPTER I—FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM"

(2) by inserting after the item relating to section 827 the following:

"SUBCHAPTER II—FOREIGN SERVICE PENSION SYSTEM

"Sec. 851. Establishment.

"Sec. 852. Definitions.

"Sec. 853. Participants.

"Sec. 854. Entitlement to annuity.

"Sec. 855. Funding.

"Sec. 856. Disability.

"Sec. 857. General and administrative provisions.

"Sec. 858. Transition provisions

"Sec. 859. References in other laws."

Redesignate the succeeding title and sections accordingly.

Mr. LUGAR. Mr. President, this amendment adds a new title IV to S. 1527 to establish a FS pension system [FSPS]. The new system would provide retirement benefits for members appointed after 1983, and is very similar to the Federal retirement system [FRS] established by the bill for new appointees in the civil service after 1983. All FS members who become participants in the FSPS would be subject to all provisions of the comparable FRS unless specifically provided otherwise by law. All the exceptions are stated in this proposed amendment to S. 1527. Essentially, this amendment will bring new foreign service employees into conformity with the new Stevens-Roth structure.

The FS has always had its own retirement system separate from the CS retirement system. The basic reason for this is that the FS needs special provisions for early retirement to permit operation of its up-or-out personnel system. A number of FS members are mandatorily retired every year to permit advancement of the more competitive personnel. This system was endorsed and expanded by the FS Act Amendments of 1980. The special provisions are also necessary to permit the early retirement of members who, for various reasons, are no longer able to serve abroad.

The FSPS proposed in this amendment would preserve the early retirement and other special features needed by the FS. It would permit members to retire voluntarily at age 50 with 20 or more years of service with the same benefit as provided by the bill, as eventually enacted, for special category personnel such as law en-

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forcement, firefighter, and air traffic controller personnel. Like the bill, the system would permit FS members who are retired mandatorily at an early age to receive the midtier benefit based on high-five salary without penalty for early retirement. Again, like the bill, the third basic special provision would provide an annuity supplement equivalent to a Social Security benefit from the date of retirement to age 62 when the annuitant would be eligible for the actual Social Security benefit. This annuity supplement would be based on all creditable service.

Mr. President, this amendment is acceptable to the managers of the bill, the administration, the foreign service employees, and the ranking members of the Foreign Relations Committee. I recommend its adoption.

Mr. STEVENS. Mr. President, this amendment has been cosponsored by my good friend from Missouri and myself.

Mr. EAGLETON. No objection, Mr. President.

Mr. STEVENS. I yield back the remainder of my time.

Mr. EAGLETON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time being yielding back, the question is on agreeing to the amendment of the Senator from Indiana.

The amendment (No. 980) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 981

(Purpose: To require certain employees of nonappropriated funds instrumentalities of the Federal Government to be participants in the Federal Retirement System)

Mr. EAGLETON. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 981.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 133, line 11, after "Service", insert ", and including an employee referred to in section 2105(c) of this title who was first employed by the Government after December 31, 1983".

On page 292, strike out lines 7 through 11. On page 292, line 14, strike out "Sec. 306." and insert in lieu thereof "Sec. 305."

On page 293, line 12, strike out "Sec. 307." and insert in lieu thereof "Sec. 306."

On page 293, line 25, strike out "Sec. 308." and insert in lieu thereof "Sec. 307."

On page 296, line 25, strike out "Sec. 309." and insert in lieu thereof "Sec. 308."

Mr. EAGLETON. Mr. President, the purpose of this amendment is to include in the new retirement plan employees of nonappropriated fund instrumentalities of the Departments of Defense and Transportation who were first hired after December 31, 1983. These Federal instrumentalities operate morale, recreation, and welfare activities for the benefit of military and Coast Guard personnel. This includes activities such as PX's, bowling centers, and gas stations. Depending upon the availability of the appropriated funds, in some years the NAF employees are placed in civil service positions, where they are covered under the civil service retirement system. However, in other years, when no appropriated funds are available for such activities, the very same employees are placed in a NAF personnel system under a NAF retirement plan. The problem is that service in one position is not creditable as service in the other position for retirement purposes. My amendment would rectify this problem.

Mr. STEVENS. Mr. President, it is my understanding from the amendment of the distinguished Senator from Missouri that nonappropriated funds will pay the total cost for this amendment, that it is not an increased burden on the taxpayers, rather it is a recognition of the mobility and portability of the fund which is essential to the basic bill, and therefore I support the Senator's amendment.

Mr. EAGLETON. The Senator is correct in his assumption. I yield back the remainder of my time.

Mr. STEVENS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 981) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 982

(Purpose: To improve the disability benefits plan under the Federal Retirement System)

Mr. EAGLETON. Mr. President, I have an amendment I send to the desk on behalf of Senator Chiles.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON), for Mr. CHILES, proposes an amendment numbered 982.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 210, line 22, strike out "increased," and all that follows through page 211, line 1, and insert in lieu thereof the following: "Increased on January 1 of each year after such date by the same percent by which annuities referred to in section 8462(b)(1) of this title are increased under section 8462(b)(2) D) of this title in December of the preceding year, and

On page 212, line 20, strike out "paragraph (3)" and insert in lieu thereof "paragraphs (3) and (4)".

On page 214, between lines 23 and 24, insert the following:

"(4) If an eligible participant has elected to make contributions under section 8418(c) of this title and has not received a refund of such contributions under section 8420 of this title, the amount of the annuity which the participant is entitled to receive under subchapter II of this chapter by reason of the application of paragraph (1) of this subsection—

"(A) while the participant is at least 55 years of age and under 62 years of age may not be less than the amount equal to 30 percent of the participant's final average pay computed on the date the participant becomes 55 years of age; and

"(B) on and after the date the participant becomes 62 years of age may not be less than the amount equal to 10 percent of the participant's final average pay computed on the date the participant becomes 55 years of age."

On page 216, between lines 13 and 14, insert the following:

"(c)(1) Under regulations prescribed by the Office, the level benefits option provided under regulations prescribed pursuant to section 8417 of this title may be extended to cover the disability benefits payable to a participant under this subchapter.

"(2) The actuarial present value of the benefits expected to be paid to a participant under this subchapter and subchapter II of this chapter as provided under paragraph (1) of this subsection may not exceed the actuarial present value of the benefits that would be expected to be paid to such participant under this subchapter and such subchapter II if the adjustments authorized by such paragraph were not made, as determined under regulations prescribed by the Office.

On page 220, line 5, strike out "60" and insert in lieu thereof "50".

Mr. CHILES. Mr. President, I rise today to offer an amendment which would improve disability protection for many Federal workers who are covered under the new retirement system. My amendment would not raise the cost of the bill.

My amendment affects those individuals who elect option B under this retirement program. This option provides full cost-of-living increases for all retirees over the age of 62 and generally provides for more generous survivor and disability benefits than option A.

As currently constituted, a worker who had elected option B, and whose disability prevents him from doing any job at his grade level, might receive no disability benefits at all between the ages of 55 and 62. Other disabled workers might receive less than 10 percent of their previous salary between the ages of 55 and 62. At age 62, all those workers would be eligible to receive Social Security retirement benefits. But even this addition could still

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leave many of these individuals with low benefits for the rest of their lives. My amendment would increase disability benefits for individuals in these situations.

More specifically the bill now provides that a disabled worker who had elected option B, but who is not sufficiently disabled to meet the strict Social Security definition of being permanently and totally disabled, would receive 60 percent of the average of his highest 5 years of salary, during the first year of his disability. Thereafter, he would receive 40 percent of this average salary until he reached age 55 and his benefit amount would be indexed to the CPI during this period.

After age 55, his situation changes, however. The individual would no longer receive 40 percent of his "high-5" salary but would instead receive a benefit generally based upon what he would have been eligible for if he had retired at age 55. Of course, many of these workers would have worked past age 55, thereby enhancing their retirement benefits if they had not become disabled. In particular, individuals who joined the Government late in their careers would have accrued only relatively small retirement benefits by age 55 and therefore would have a strong incentive to work past that age.

As a result of all of these provisions now in the bill, the disabled worker can experience a dramatic drop in his benefit at age 55. His benefit could decline from 40 percent of his previous salary to less than 10 percent or even zero. At age 62, the combination of his benefit plus Social Security could still easily be well below 40 percent of his salary.

My amendment would improve the disability benefits for individuals in these situations. The disabled worker, who does not meet the Social Security disability definition would receive a minimum of 30 percent of his "high 5" salary between the ages of 55 and 62, rather than as little as zero percent under the bill as it has been reported. The worker would receive a minimum of 10 percent after age 62 plus the Social Security retirement benefit for which he is eligible at that age. The individual receiving this minimum would then be better off than he would be under the bill as now reported.

I might add that option A provides even less generous disability benefits than option B, but my amendment addresses only option B. Option A was designed for individuals who consciously elect to have a pension program that contains more generous thrift plan opportunities in exchange for less generous retirement, disability, and survivors benefits.

In order to make my amendment cost-neutral and keep the total cost of each option at 21.9 percent of payroll, I have made one change to benefits for disabled workers under option B. Under the bill as now reported, the

"high-5" salary is indexed to the growth in federal wages for purposes of determining the retirement benefit which the individual receives at age 55 or 62. My amendment would change this index to be equal to the growth in the CPI rather than the growth in Federal wages. Nonetheless, option B will provide more generous indexing than option A, even after option B has been altered by my amendment. Option A would index the high-5 to only the "CPI-minus-2," rather than the full CPI. I might have preferred not to make any change in the indexing in option B, but it was necessary to do so in order to keep the cost of option B at 21.9 percent of payroll.

My amendment also makes two other changes. Under both options A and B, a disabled worker may receive different benefit amounts at different ages. The bill presents the distinct possibility that decreases in benefits will occur at various ages. My amendment would provide an opportunity for the recipient to elect a leveling of his benefits throughout the remaining years of his life. The new benefits would of course, have the same actuarial value as the benefits he would otherwise be entitled to. Through this mechanism, the recipient's benefits would not rise or fall over time. A similar leveling mechanism is available for nondisabled retirees under the provisions of the bill. I think that providing opportunities for a stable income for the recipient could be very helpful.

Finally, my bill changes the limitation on the amount of income which a disability annuitant may earn while still retaining his benefits. Under the bill as now reported, the annuitant cannot earn more than 60 percent of the income earned at his previous job. My amendment would change this figure to 50 percent. I do not think that we should be providing disability benefits to individuals who are working and who are able to earn money at or near their previous potentials. My amendment would tighten the restriction which limits such possibilities.

Mr. EAGLETON. Mr. President, let me briefly explain the Chiles amendment. This amendment would increase disability protection for employees under option B at the point they convert from disability rolls to the retirement rolls. Currently, the occupationally disabled—that is not Social Security disabled—face a significant reduction of benefits at age 55, only to increase at age 62. This amendment will ease the transition at no cost.

Mr. STEVENS. Mr. President, emphasizing the last statement of the Senator from Missouri, that it is a transition at no additional cost, I am prepared to accept the amendment.

Mr. EAGLETON. I yield back the remainder of my time.

Mr. STEVENS. I yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the

question is on agreeing to the amendment of the Senator from Florida.

The amendment (No. 982) was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 983

(Purpose: To facilitate transfers among certain Government retirement systems)

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) proposes an amendment numbered 983.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the chapter analysis of chapter 84 of title 5, United States Code, as set out in section 101(a), insert after the item relating to section 8476 the following:

"8477. Treatment of individuals transferring among certain Government retirement systems."

On page 256, between lines 14 and 15, insert the following:

"§ 8477. Treatment of individuals transferring among certain Government retirement systems

"(a)(1) The President shall prescribe regulations to assure that individuals who commence participation in the Federal Retirement System, the Foreign Service Pension System, or the Central Intelligence Agency Pension System after participating in any other such retirement system is given credit for (A) all service performed while participating in any such retirement system for the purposes described in paragraph (2) of this subsection, and (B) rates of pay paid to such individual for any such service in computing an annuity under any such retirement system.

"(2) Service credit shall be given as provided in paragraph (1) of this subsection for—

"(A) the purpose of determining eligibility to retire entitled to an annuity under any retirement system referred to in such paragraph;

"(B) the purpose of satisfying vesting requirements under any such retirement system; and

"(C) the purpose of applying any applicable formula with respect to such service in computing an annuity under any such retirement system.

"(b) Under regulations prescribed by the President, any individual who commences participation in the Federal Retirement System, the Foreign Service Pension System, or the Central Intelligence Agency Pension System under circumstances similar to the circumstances described in subsection (b) or (c) of section 8471 of this title after having participated in another Federal Government retirement system established before January 1, 1964, shall be treated in the same manner as is provided in such subsection and section 8472 of this title."

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Mr. STEVENS. Mr. President, the purpose of this amendment is to facilitate transfers among Government retirement systems. I call attention to the Senate that now we have had the interplay of the Foreign Relations Committee, the Intelligence Committee and other committees in terms of bringing before us now a total retirement package for all Government employees other than military. This would provide a consistency in the transfer provisions for all of these retirement systems covered under this bill. The amendment would enable an employee who becomes a participant in the Federal retirement system to be given credit for prior service under another Government retirement system. The service credit would continue toward retirement eligibility vesting requirements and applying the applicable formula in computing an annuity.

Mr. President, I hope that this is just the forerunner of future work to provide the kind of portability and transferability between Government systems and private systems which will tackle at a later date.

Mr. EAGLETON. Mr. President, I believe this to be an excellent amendment. I yield back the remainder of my time.

Mr. STEVENS. I yield back the remainder of our time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 983) was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 984

(Purpose: To make technical and clarifying amendments)

Mr. STEVENS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS] proposes an amendment numbered 984.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. STAFFORD). Without objection, it is so ordered.

The amendment is as follows:

On page 133, strike out line 6 and all that follows through page 134, line 4, and insert in lieu thereof the following:

"(12) the term 'employee'—

"(A) except as provided in subparagraph (B) of this paragraph, means—

"(i) each individual referred to in subparagraphs (A), (E), (F), (H), (I), and (J) of section 8331(1) of this title, including an employee of the United States Park Police and an employee of the United States Secret Service, and including an employee referred

to in section 2105(c) of this title who was first employed by the Government after December 31, 1983; and

"(ii) a Congressional employee as defined in section 2107 of this title, including a temporary Congressional employee,

any of whose employment by the Government after December 31, 1983, is employment for the purposes of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954; and

"(B) does not include any individual who—

"(i) is referred to in clause (i), (v), (vi), or (ix) of paragraph (1) of section 8331 of this title or in the undesignated material after clause (ix) or such paragraph;

"(ii) is subject to another retirement system for Government employees, except in the case of an individual—

"(I) who is an employee of the United States Park Police or the United States Secret Service, or is an employee referred to in section 2105(c) of this title who was first employed by the Government after December 31, 1983; or

"(II) who, without regard to this chapter, would be subject to subchapter III of chapter 83 of this title or would be eligible to be subject to such subchapter;

"(iii) is excluded under section 8402(b)(2) of this title; or

"(iv) was subject to subchapter III of chapter 83 of this title on December 31, 1983, has not had a break in service with the Government described in section 2104(a)(5)(A) of the Social Security Act for a period of more than 1 year beginning after such date, and has not commenced participation in the System pursuant to section 8471 of this title."

On page 150, line 24, strike out "A" and insert in lieu thereof "Except as provided in section 8436(c)(1) of this title, a,"

On page 164, strike out lines 4 through 7 and insert in lieu thereof the following:

"(5) Under regulations prescribed by the Executive Director, at least once each year a participant may modify the amount contributed pursuant to paragraph (1) or (2) of this subsection, as the case may be, or may terminate an election to make contributions under such paragraph."

On page 183, line 24, strike out "notwithstanding" and insert in lieu thereof "subject to".

On page 191, line 13, strike out "the reduced" and all that follows through "computed," on page 191, line 16, and insert in lieu thereof the following: "an annuity computed with respect to such participant as of the day before the date of death".

On page 191, line 19, strike out "reduced".

On page 192, line 8, strike out "the annuity" and all that follows through "computed" on line 11, and insert in lieu thereof "an annuity computed with respect to the participant as of the day before the date of death".

On page 236, line 6, insert a comma after "annuitant".

On page 236, line 8, insert a comma after "subsection".

On page 238, strike out lines 7 through 15, and insert in lieu thereof the following:

"(B)(i) the number of months, not to exceed 12 months, for which the annuity was payable before the effective date of the increase, counting any portion of a month as a month, or

"(ii) in the case of a survivor annuity payable to a surviving spouse or surviving former spouse of a deceased annuitant whose annuity has never been so increased, the number of months, not to exceed 12 months, since the annuity was first payable to the deceased annuitant, counting any portion of a month as a month.

On page 246, line 21, strike out "before" and all that follows through "1984," on line 22.

On page 248, line 2, insert "and" after "title,".

On page 248, line 4, strike out "and" and all that follows through line 6.

On page 248, line 8, insert "before January 1, 1984," after "performed".

On page 248, line 14, insert "and" after "title,".

On page 248, line 18, strike out "and" and all that follows through line 18.

On page 248, line 20, strike out "1987," and insert in lieu thereof "1984,".

On page 262, line 9, insert "subject to section 8495 of this title," after "(1)".

On page 262, line 16, insert "subject to section 8495 of this title," after "(2)".

On page 268, line 2, insert "and" after the semicolon.

On page 266, line 3, strike out "; and" and all that follows through line 6, and insert in lieu thereof a period.

Mr. STEVENS. Mr. President, these are technical amendments that are required, as I will explain. As can be expected in a bill as complex as this one, there are a number of technical amendments.

First. The definition of an "employee" is reworded to make clear that the new plan covers employees hired during 1984-85, and to accommodate the amendment just approved regarding coverage of employees of nonappropriated fund instrumentalities.

Second. The wording regarding election of an option at retirement is amended to make clear that a new option can be elected by a married annuitant upon the termination of entitlement of a former spouse.

Third. The thrift plan contribution language is amended to make clear that an employee's right to change the amount contributed at least once a year includes the right to stop contributing. I think that must be emphasized—that the right to change includes the right to stop contribution to a thrift plan.

Fourth. The wording regarding possible employee input into the definition of the stock index fund is amended to assure that this will not conflict with the fiduciary standards and investment policies which apply.

Fifth. The wording regarding surviving spouse benefits payable at death of an employee before retirement is amended to clarify that benefits are payable in cases where the employee was not yet eligible to retire.

Sixth. The wording regarding cost-of-living adjustments is amended to make clear that all classes of survivor annuitants are eligible for COLA's, and to correct the formula for prorating the initial COLA payable.

Seventh. The wording regarding transition from the existing program is clarified regarding its application to employees hired both before and after 1984, including participants in the interim plan that became effective January 1984.

Eighth. The wording regarding investment policies is amended to eliminate the reference to criteria other

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than prudent investments and low administrative costs.

Mr. EAGLETON. Mr. President, I support the amendments as submitted by Senator STEVENS, and I yield back the remainder of my time.

Mr. STEVENS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 984) was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, we are awaiting the arrival of the Senator from Virginia. I suggest the absence of a quorum until his arrival.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TRIBLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield to the Senator from Virginia such time as he and his colleague may need.

Mr. TRIBLE. I thank my distinguished friend from Alaska.

AMENDMENT NO. 985

(Purpose: To amend title 5, United States Code, to increase the opportunity to provide a survivor annuity under subchapter III of chapter 83 of such title, and to improve retirement counseling for Federal Government employees.)

Mr. TRIBLE. Mr. President, at this time I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows: The Senator from Virginia (Mr. TRIBLE) for himself and Mr. WARNER purposes an amendment numbered 985.

Mr. TRIBLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 151, between lines 9 and 10, insert the following:

"(C)(1) A participant or former participant—

"(A) who, at the time of retirement, is married, and

"(B) who elects at such time (in accordance with subsection (b) of this section) a method of payment other than the method described in subsection (a)(2)(B) of this section,

may, during the 18-month period beginning on the date on which the participant or former participant may first make an election under subsection (b) of this section, elect the method of payment described in subsection (b)(2) of this section.

"(2)(A) An election under paragraph (1) of this subsection shall not be considered effective unless—

"(i) the spouse of the participant or former participant is provided advance notice of the election in accordance with such regulations as the Office shall prescribe; and

"(ii) the amount specified in subparagraph (B) of this paragraph is deposited into the Fund before the expiration of the applicable 18-month period under such paragraph (1).

"(B) The amount to be deposited with respect to an election under this subsection is an amount equal to the sum of—

"(i) the additional cost to the System which is associated with providing a survivor annuity under subsection (b)(2) of this section and results from such election taking into account (I) the difference (for the period between the date on which the annuity of the participant or former participant commences and the date of the election) between the amount paid to such participant or former participant under this subchapter and the amount which would have been paid if such election had been made at the time the participant or former participant applied for the annuity, and (II) the costs associated with providing for the later election; and

"(ii) interest on the additional cost determined under clause (i) of this subparagraph computed using the average annual interest rate earned during such period by securities held by the Fund.

"(3) An election by a participant or former participant under this subsection voids prospectively any election previously made in the case of such employee or Member under subsection (b) of this section.

"(4) The annuity of a participant or former participant which is reduced in connection with an election under this subsection shall be reduced by the same percentage reductions as were in effect on the date on which the annuity of the participant or former participant commenced.

"(5) Rights and obligations resulting from the election under this subsection shall be the same as the rights and obligations which would have resulted had the participant or former participant made such election at the time of applying for an annuity.

"(6) The Office shall, on an annual basis, inform each participant and each former participant who has accrued entitlement under this subchapter of the right of election under this subsection, including the procedures and deadlines applicable in making any such election."

At the end of title III, insert the following:

18-MONTH PERIOD TO ELECT A SURVIVOR ANNUITY

SEC. 310. (a) Section 8339 of title 5, United States Code, is amended by adding at the end thereof the following:

"(C)(1)(A) An employee or Member—

"(i) who, at the time of retirement, is married, and

"(ii) who notifies the Office at such time (in accordance with subsection (j)) that a survivor annuity under section 8341(b) of this title is not desired,

may, during the 18-month period beginning on the date of the retirement of such employee or Member, elect to have a reduction under subsection (j) made in the annuity of the employee or Member (or in such portion thereof as the employee or Member may designate) in order to provide a survivor annuity for the spouse of such employee or Member.

"(B) An employee or Member—

"(i) who, at the time of retirement, is married, and

"(ii) who at such time designates (in accordance with subsection (j)) that a limited

portion of the annuity of such employee or Member is to be used as the base for a survivor annuity under section 8341(b) of this title,

may, during the 18-month period beginning on the date of the retirement of such employee or Member, elect to have a greater portion of the annuity of such employee or Member so used.

"(2)(A) An election under subparagraph (A) or (B) of paragraph (1) shall not be considered effective unless—

"(i) the spouse of the employee or Member is provided advance notice of the election in accordance with such regulations as the Office shall prescribe; and

"(ii) the amount specified in subparagraph (B) of this paragraph is deposited into the Fund before the expiration of the applicable 18-month period under paragraph (1).

"(B) The amount to be deposited with respect to an election under this subsection is an amount equal to the sum of—

"(i) the additional cost to the System which is associated with providing a survivor annuity under subsection (b)(2) of this section and results from such election taking into account (I) the difference (for the period between the date on which the annuity of the participant or former participant commences and the date of the election) between the amount paid to such participant or former participant under this subchapter and the amount which would have been paid if such election had been made at the time the participant or former participant applied for the annuity, and (II) the costs associated with providing for the later election; and

"(ii) interest on the additional cost determined under clause (i) of this subparagraph computed using the average annual interest rate earned during such period by securities held by the Fund.

"(3) An election by an employee or Member under this subsection voids prospectively any election previously made in the case of such employee or Member under subsection (j).

"(4) An annuity which is reduced in connection with an election under this subsection shall be reduced by the same percentage reductions as were in effect at the time of the retirement of the employee or Member whose annuity is so reduced.

"(5) Rights and obligations resulting from the election of a reduced annuity under this subsection shall be the same as the rights and obligations which would have resulted had the employee or Member involved elected such annuity at the time of retiring.

"(6) The Office shall, on an annual basis, inform each employee and Member of the right of election under this subsection, including the procedure and deadlines applicable in making any such election."

(b)(1) Notwithstanding section 404 of this Act, the amendment made by subsection (a) shall take effect 3 months after the date of the enactment of this Act.

(2)(A) Subject to subparagraph (B), the amendment made by subsection (a) shall apply with respect to employees and Members retiring before, on, or after such amendment first takes effect.

(B) For purposes of applying the provisions of paragraph (1) of section 8339(c) of title 5, United States Code (as added by this Act) to employees and Members retiring before the date on which the amendment made by subsection (a) first takes effect—

(i) the period referred to in subparagraph (A) or (B) of such paragraph (as the case may be) shall be considered to be on the date as of which such amendment first becomes effective, and

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(ii) the amount referred to in paragraph (2) of such section 8339(c) shall be computed without regard to the provisions of subparagraph (B)(ii) of such paragraph, relating to interest.

(3) For purposes of this subsection, the terms "employee" and "Member" each has the meaning given that term in sections 8331(1) and 8331(2) of title 5, United States Code, respectively.

RETIREMENT COUNSELING

Sec. 311. (a)(1) Subchapter III of chapter 83 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 8349. Retirement counseling

"(a) For the purposes of this section, the term "retirement counselor", when used with respect to an agency, means an employee of the agency who is designated by the head of the agency to furnish information on benefits under this subchapter and chapter 84 of this title and counseling services relating to such benefits to other employees of the agency.

"(b) The Director of the Office of Personnel Management shall—

"(1) establish a training program for all retirement counselors of agencies of the Federal Government; and

"(2) designate and publicize a telephone number at the Office which annuitants under this subchapter or chapter 84 of this title may call to obtain answers to questions relating to retirement benefits under this subchapter or such chapter and which is to be used exclusively for such purpose.

"(c)(1) The training program established under subsection (b)(1) of this section shall provide for comprehensive training in the provisions and administration of this subchapter and chapter 84 of this title, shall be designed to promote fully informed retirement decisions by employees and Members under this subchapter and participants under chapter 84 of this title, and shall be revised as necessary to assure that the information furnished to retirement counselors of agencies under the program is current.

"(2) The Director shall conduct a training session under the training program once each quarter-year.

"(3) Once each year, each retirement counselor of an agency shall successfully complete a training session conducted under the training program.

"(c) The Director shall assign the responsibility of receiving and responding to calls made to the telephone number designated under subsection (b)(2) of this section to a sufficient number of employees who are knowledgeable about the provisions and administration of this subchapter and chapter 84 of this title to assure that prompt and effective assistance is furnished to annuitants."

"(2) The chapter analysis at the beginning of such chapter is amended by inserting after the item relating to section 8348 the following new item: "§ 8349. Retirement counseling."

"(b) Notwithstanding section 404 of this Act, the amendments made by subsection (a) shall take effect on the date of enactment of this Act.

Mr. TRIBLE. Mr. President, the amendment that I am offering today along with my colleague from Virginia, Senator WARNER, ensures that Federal retirees are provided with an adequate opportunity to elect a survivor annuity under this new civil service retirement plan.

As many of my colleagues know, under the existing civil service retire-

ment law, Federal employees must make a decision regarding survivor benefits prior to retirement. If a retiree does not elect survivor benefits for his or her spouse at that time, that decision is irrevocable.

Unfortunately, far too many Federal employees make a decision regarding survivor benefits based upon incorrect or incomplete information and advice provided by the employee's personnel retirement counselor. The result is that, despite the retiree's wishes, some survivors are left unprotected and without any source of income upon the death of their spouse.

My amendment will ensure that this unfortunate situation does not arise under the new retirement program. The amendment would provide Federal retirees who have not already elected survivor benefits, with a second chance.

Federal retirees who have not chosen a survivor annuity will be given 18 months after retirement to change their decision. If a Federal retiree opts for survivor benefits during this time, he or she will be required to make all necessary deposits to the retirement fund in order to cover this selection.

In addition, this amendment will ensure that agency retirement counselors provide Federal employees with accurate information and advice regarding survivor benefit decisions. Counselors will be required to complete a training program on the changes in civil service retirement law. This training program will be annual and will enable retirement counselors to gain the understanding of retirement law essential to counsel future retirees.

Mr. President, the legislation now before us creates a new retirement and disability plan for Federal employees. Federal employees covered by this new system must have accurate information in order to make critical decisions affecting the financial security of their spouses. And, I believe that retirees under this new system should have a second opportunity after retirement to elect survivor benefits if they did not make this designation prior to retirement.

I commend my colleagues, Senator ROTH and Senator STEVENS, for their leadership on this important retirement legislation. And, I also want to acknowledge the contributions made by Senators EAGLETON and GORE in developing legislation which has broad bipartisan support.

Mr. President, I believe that my amendment adds an important element to the legislation developed by these distinguished colleagues and I urge all of my colleagues to support this amendment.

Mr. WARNER. Mr. President, I commend my distinguished Virginia colleague, Mr. TRIBLE, for having initiated this important amendment.

Civil service survivor benefits are an essential means of support for thousands of surviving spouses, and an 18-

month period for determining the provision of the benefit is certainly justifiable.

I believe in many cases, Federal employees upon reaching retirement would greatly appreciate an extended timeframe for making the survivor benefit designation.

With the greatly reduced level of compensation available through a retirement annuity, it is already difficult for Federal retirees to revise their lifestyles and household budgets.

You might say that this is a "good housekeeping" amendment, giving new Federal retirees an appropriate period of time in which to examine retirement and long-term spousal income needs and to reach what would hopefully be a joint decision, fully understood and thought out by the retiree and his or her spouse.

The preretirement counseling services provided in the bill would further enhance current services and assist in the overall survivor benefit designation.

I express my strong appreciation to Senators STEVENS and ROTH for their support of the amendment.

I am hopeful that all of our colleagues will give us their unanimous consent.

Mr. TRIBLE. Mr. President, I simply add that this amendment has been drafted with the help of the majority and minority leaders of this legislation and their staffs, and I appreciate their help.

It is my understanding that it will be agreed upon by both sides.

The PRESIDING OFFICER. Who yields time?

Mr. EAGLETON. Mr. President, I think the Tribble amendment is an excellent amendment.

Mr. STEVENS. Mr. President, the Tribble amendment, giving a second election to choose survivor benefits within 18 months after retirement, is a good idea. The retiree must redeposit funds to pay for the benefit.

We are prepared to accept that amendment.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

Mr. STEVENS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. STEVENS. All time is yielded back.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Virginia.

The amendment (No. 985) was agreed to.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHILES. Mr. President, I rise to indicate my support for this bill which

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creates a new supplemental pension plan for those Federal workers covered under Social Security. This plan was promised to new Federal workers at the time we brought such employees under the Social Security system and I am glad that we are finally on the road toward delivering on that commitment.

I want to congratulate Senators STEVENS, EAGLETON, ROTH, and GORE and all the other Senators on the Governmental Affairs Committee on the successful completion of this very complicated bill. The amount of work that went into its creation was monumental and they deserve an enormous amount of credit for their efforts.

I think that this plan accomplishes the objective of providing adequate and fair retirement, disability, and survivors benefits for Federal workers. Such benefits should be helpful in attracting and maintaining workers in the Federal work force. At the same time, the bill keeps the cost of this new system within reasonable bounds.

The bill provides for the worker to choose between two options for his retirement, survivor, and disability benefits. I am very pleased that one of these options provides for full cost-of-living increases for all retirement benefits after the age of 62 and for all disability and survivor benefits at any age. Once a worker has reached a normal age for retirement, it makes little sense to provide for a benefit which will erode over time as a result of inflation. There is little justification for providing that a person has a lower standard of living at age 80 than at an earlier age. Similarly, the benefits received by disabled workers or by survivors of workers should not be allowed to erode over time either.

Under the reported bill, the worker must choose the plan he wants within a short period of time after he begins employment; this choice is then irrevocable. There are compromises which will be made in conference with the House. I hope that the conference will consider the possibility of having one option in the final plan which includes the full cost-of-living protection described above.

Both options in the new plan contain three tiers: Social Security, a "defined-benefit" pension plan, and a thrift plan to which employees can make voluntary contributions. I think this three-tiered approach is a solid one and provides an appropriate degree of balance. I look forward to the successful completion of the entire supplemental pension plan this year.

Mr. MATHIAS. Mr. President, I support S. 1527, legislation to establish a retirement system for postal and Federal employees hired beginning January 1, 1984. This bill represents the best efforts of the Governmental Affairs Committee and I am proud to be a cosponsor. I would also like to extend special recognition to my distinguished colleagues—Senators ROTH, EAGLETON, and STEVENS—for their lead-

ership in this endeavor. Their perseverance and dedication are the reason we can stand here today to discuss S. 1527.

As my colleagues are already well aware, the committee opted for a three-tier approach to the new retirement system. Social Security provides the basic benefit, which will be supplemented by a defined benefit portion—paid for by the Government—and a thrift plan which is a combination of employee and employer contributions. Under this three-tier scheme, employees will be able to choose between two options. One option A is geared to employees who want to take advantage of the flexible, more portable thrift plan. The other option B is weighted more toward the defined benefit plan, which will be attractive to employees seeking security and stronger inflation protection with respect to cost-of-living adjustments [COLA's]. In addition, the disability, survivor and life insurance benefits offered under S. 1527 are more generous than those provided in the present retirement system.

As the committee worked on developing the new retirement system, it had to keep several competing goals in mind. One of the most important considerations was to make sure that retirees under the present system and future retirees under the proposed system receive comparable retirement benefits. Indeed, it would be difficult to justify disparate treatment in this area when one considers the value of retirement in recruiting and retaining qualified employees in Government service. The present retirement system is a generous one and it serves as an enticement to prospective employees who recognize the limitations of Federal pay. It keeps the Federal Government in the running when it competes with the private sector for the talented and experienced people our Government needs to properly serve the American people. It is important, then, that the new retirement system retain this same quality.

Another very important consideration in creating a new system was ensuring that we keep our promise to current employees and retirees that there will be no tampering with their retirement benefits. It is my intent that present benefits not be affected by S. 1527, and I am certain that this is the intent of the entire Governmental Affairs Committee.

Naturally, in any undertaking of this magnitude, cost is a significant factor. With budget deficits and taxpayer burdens much in everyone's mind, there was great pressure on the committee to devise a system that will be less costly to the Government than the existing system. Thus, arguments to have Federal pensions achieve greater parity with less costly private sector pensions gathered more credence; and we spent a great deal of time applying private pension ideas to the new pension system for Federal employees. Our work was done in the

hope of creating a viable, cost-effective pension system for the future. And it was a further hope that the yearly attacks on the present civil service retirement system—attacks made in the name of erasing benefit differences between Federal and private pensions and saving the taxpayers' money—would abate if the new pension plan moved closer to private sector practice.

S. 1527 does a good job balancing the rival objectives of cost containment and providing a workable pension plan. The new plan offers employees more choices, greater flexibility and, in some cases, better benefits. At the same time it saves the Government money, which will help reduce the deficit. Clearly, the legislation is not perfect. I would be the first to offer that there is room for improvement. But I am confident that a conference with the House will iron out the kinks and resolve areas of disagreement.

Mr. President, the basic tenets underlying the Senate's work on S. 1527 are sound, and as long as they continue to guide our deliberations on this matter, there is every reason to believe that we will create a retirement system that is good, viable, and less costly than the present one. I urge the Senate to join the Governmental Affairs Committee in giving this bill its resounding approval and in moving the Federal pension system into the future.

Mr. GLENN. Mr. President, I am pleased to be a cosponsor of S. 1527, the Federal Retirement Reform Act of 1985, and to urge its adoption by the Senate.

This legislation establishes a civil service pension program for new Federal employees hired after December 31, 1983, who were brought under Social Security as part of the Social Security Amendments of 1983. The pension legislation designed by the Governmental Affairs Committee supplements this Social Security coverage and provides Federal retirees with a retirement plan which is comparable to good private sector retirement plans.

I have always been supportive of legislation to strengthen the retirement system of civil service employees. I believe the Federal Government has a responsibility to provide an adequate and fair pension program for its employees, and one that helps recruit and maintain an excellent and skilled work force. The plan proposed today provides retirement benefit protection that meets the needs of both long-term career service employees and short-term Government employees. For some workers, including women and short-term employees, this plan offers more comprehensive protection than the current civil service retirement system.

This legislation is necessary because new Federal employees do not know what retirement protection they will receive when they are hired by the

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Government. During debate on the Social Security Amendments in 1983, I cosponsored an amendment by Senator LONG to delay Social Security coverage of new Federal employees until a supplemental pension plan was enacted. I felt it was unfair to include new Federal employees under Social Security without spelling out in advance how their pension benefits would be provided. Unfortunately, that amendment was defeated, and Social Security coverage took effect on January 1, 1984. Interim legislation was enacted to provide some disability and survivor coverage for new Federal employees until a supplemental pension program was enacted. This interim legislation expires December 31 of this year, and I am pleased that we will meet that deadline.

The retirement program proposed today includes three tiers. The first tier is Social Security coverage. Advantages of Social Security include full indexing of benefits to inflation and portability of coverage from job to job. The second tier is a Government-paid defined benefit pension plan designed as an "add-on" to Social Security. The third tier is a thrift plan that provides employees with a tax-deferred savings plan similar to that provided by section 401(k) of the Tax Code. As part of a compromise necessary in order to reach agreement on this legislation, new employees will have the choice between two options that provide different features for the defined benefit and thrift savings plan. Under option B, the employee may choose to supplement the Government contribution to the defined benefit portion in order to be eligible for early retirement, and improved inflation protection. Under the thrift savings plan, employees under option A could contribute up to 10 percent of their pay, and the Government would match this contribution dollar for dollar up to 5 percent. Employees under option B could also contribute up to 10 percent of pay, but the Government match would be lower in order to pay for the bigger defined benefit.

Mr. President, this is not a perfect bill, and I will work for improvements in it before final passage. I am concerned about the level of inflation protection provided to retirees under this legislation. We should ensure that retirees are able to maintain their standard of living through their retirement years, especially as they get older and may have greater medical and other living expenses. I also have serious reservations about the "option" provision, and consider it unworkable administratively. The option plan would force new employees to make a one-time irrevocable choice on their retirement plan. It would be difficult if not impossible for employees to make an informed decision on such a complicated matter. However, I understand that this option proposal was necessary in order to reach agreement on the bill, and I look forward to improving the

option plan and other provisions during the conference committee with the House.

I would like to emphasize that this legislation in no way affects the benefits for employees under the old civil service retirement system. The good faith and credit of the U.S. Government stands behind the civil service retirement program. We must continue to protect the earned retirement benefits for those who have in good faith placed their trust in the Federal Government.

The legislation we consider today will provide new Federal employees with a fair and adequate retirement benefits plan. It will assist in building and keeping a quality career work force in the Federal Government. It will enhance portability of retirement credits for employees moving between Government service and private sector employment. The legislation will also encourage Federal employees to increase their personal savings for retirement. I am pleased to be a cosponsor of S. 1527, and I urge its passage by the Senate.

Mr. CRANSTON. Mr. President, I wish to speak in support of the bill, S. 1527, the Federal Retirement Reform Act of 1985, which establishes a supplemental retirement plan for Federal and postal new hires.

I first want to commend my colleagues on the Governmental Affairs Committee for doing an outstanding job with an extremely complex and sensitive issue. There has not been an easy task. Many competing interests are involved. And it is to the committee's credit that the job has been accomplished as well as it has been.

In particular, we owe a special debt of recognition to our colleague from Alaska, TED STEVENS. He has been at work on this matter since 1981 and during the years has had to accommodate a range of concerns of groups representing employees, retirees, and others. Also, during those years, the 28 member organizations of the fund for assuring an independent retirement have been actively involved in the development of a supplemental retirement program, including active consultation of legislative details and full participation in all discussion, forums, and public hearings.

The final product approved by the committee does not meet the test of perfect comparability with the present civil service system. But given the constraints, few expected the committee's work to attain that goal. It does, however, represent a sincerely sought after compromise on very difficult issues that was achieved through the hard work and tireless commitment of Senators STEVENS, ROTH, EAGLETON, and GORE.

That this bill is on the floor of the Senate moving without controversy toward enactment is, indeed, itself the best tribute to the fine work of the Committee on Governmental Affairs.

I would like to detail my caveats, however.

We cannot compromise on fairness and equity between employees hired before 1984 and those after.

We cannot compromise on the promise of equal inflation protection for all of our Nation's elderly.

We cannot compromise on a dignified and liveable retirement income for career employees who perform the Nation's services.

We cannot compromise the security of those currently or soon to be retired.

The bill before us does not completely meet those criteria.

It fails to provide full inflation protection for the defined benefit supplement that is equal to that given to Social Security Recipients. By not requiring a mandatory employee contribution to the defined benefit supplement, the bill breaks the traditional bond between workers who have a financial stake in their retirement and retirees who rely on the system for their financial security. It does not recognize career progression through an accrual formula based on the highest level of achievement.

However, Mr. President, it does represent genuine progress. I urge all my colleagues, especially those who will serve as conferees, to keep the above principles in mind to seek to correct the shortcomings in the legislation before us.

RECOGNITION OF MICHAEL MC DERMOTT PLACE

Mr. BRADLEY. Mr. President, I am pleased today to note that with the passage of H.R. 2672, a portion of the road leading to the redesignated New Jersey International and Bulk Mail Center will be dedicated as "Michael McDermott Place." In 1981, I introduced legislation to commemorate this young postal worker who died in a conveyor belt accident at the postal center during the 1979 holiday season. Safety devices that should have averted this tragedy were not in place due to the rush of holiday mail. The dedication of Michael McDermott Place will serve a dual purpose: It will remind us of the public service and sacrifice of this one individual. It will also remind us of the need to constantly monitor workplace safety. Naming this street in honor of Michael McDermott cannot erase the tragedy of several years ago. It may help to increase our vigilance so that other postal employees are spared such accidents as they strive to serve the public.

Mr. STEVENS. Mr. President, it is my understanding we have now completed the list of amendments that were in order under the time agreement.

Pursuant to that agreement I ask for a third reading.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

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The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Do Senators managing the bill yield back their time?

Mr. STEVENS. Mr. President, I yield back my time.

Mr. EAGLETON. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate turn to the consideration of House bill 2672 to redesignate the New Jersey International and Bulk Mail Center.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 2672) to redesignate the New York International and Bulk Mail Center in Jersey City, New Jersey, as the "New Jersey International and Bulk Mail Center", and to honor the memory of a former postal employee by dedicating a portion of a street at the New York International and Bulk Mail Center in Jersey City, New Jersey, as "Michael McDermott Place".

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alaska.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Governmental Affairs, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. REDESIGNATION OF BUILDING.

(a) **REDESIGNATION.**—The New York [International and Bulk] *Bulk and Foreign Mail Center* in Jersey City, New Jersey, shall hereafter be known and designated as the "New Jersey International and Bulk Mail Center". Any reference to such building in any law, map, regulation, document, record, or other paper of the United States shall be considered to be a reference to the New Jersey International and Bulk Mail Center.

(b) **EFFECTIVE DATE.**—This section shall take effect 6 months after the date of the enactment of this Act.

SEC. 2. DEDICATION OF MICHAEL McDERMOTT PLACE.

(a) **ERECTION OF SIGN.**—The United States Postal Service shall erect a suitable sign bearing the inscription "Michael McDermott Place", anywhere on its property adjacent to the street and parking area located immediately to the east of the New York [International and Bulk] *Bulk and Foreign Mail Center* building in Jersey City, New Jersey, so as to dedicate such portion of such street in memory of former postal employee Michael McDermott.

(b) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the committee amendments were agreed to.

Mr. EAGLETON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that this bill now be amended to insert the complete text of S. 1527, as amended, and that it be advanced to third reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, pursuant to the unanimous-consent agreement following adoption of those two amendments, the Senate should now proceed to third reading and final passage of H.R. 2672 without any intervening action.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. STEVENS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Pennsylvania [Mr. HEINZ] is necessarily absent.

Mr. CRANSTON. I announce that the Senator from West Virginia [Mr. ROCKEFELLER] is necessarily absent. I also announce that the Senator from Nebraska [Mr. ZORINSKY] is absent because of illness.

I further announce that, if present and voting, the Senator from West Virginia [Mr. ROCKEFELLER] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

So the result was announced—yeas 96, nays 1, as follows:

(Rollcall) Vote No. 289 Leg. I

YEAS—96

Abdnor	D'Amato	Gorton
Andrews	Danforth	Gramm
Armstrong	DeConcini	Grassley
Baucus	Denton	Harkin
Bentsen	Dixon	Hart
Biden	Dodd	Hatch
Bingaman	Dole	Hatfield
Boren	Domenici	Hawkins
Boschwitz	Durenberger	Hecht
Bradley	Eagleton	Heflin
Bumpers	East	Helms
Burdick	Evans	Hollings
Byrd	Exon	Inouye
Chafee	Ford	Johnston
Chiles	Garn	Kassebaum
Cochran	Glenn	Kasten
Cohen	Goldwater	Kennedy
Cranston	Gore	Kerry

Lautenberg
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsumaga
Mattlingly
McClure
McConnell
Melcher
Metzenbaum
Mitchell

Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Pressler
Proxmire
Pryor
Quayle
Riegle
Roth
Rudman
Sarbanes

Stamper
Simon
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Trible
Wallop
Warner
Weicker
Wilson

NAYS—1

Humphrey

NOT VOTING—3

Heinz Rockefeller Zorinsky

So the bill (H.R. 2672), as amended, was passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask for immediate consideration of the amendment to the title which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Amend the title so as to read: "An Act to redesignate the New York Bulk and Foreign Mail Center in Jersey City, New Jersey, as the 'New Jersey International and Bulk Mail Center', and to honor the memory of a former postal employee by dedicating a portion of a street at the New York Bulk and Foreign Mail Center in Jersey City, New Jersey, as 'Michael McDermott Place'."

The amendment was agreed to.

Mr. STEVENS. I move to reconsider the vote.

Mr. GORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that S. 1527 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I thank the distinguished managers of the bill, Senator STEVENS and Senator GORE, for their expeditious handling of this matter. We are grateful to them and to all Senators who agreed to the overall time agreement on bills and on specific amendments. It has made it possible to dispose of two major pieces of legislation so far today, the military construction bill and the Federal Retirement Act of 1985.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, we are now hoping we can move to Calendar No. 284, H.R. 2867, the D.C. appropriations bill. I shall make that request in just a moment.

There is some discussion about certain amendments that may be offered. I am advised by the chairman of that subcommittee that this bill would not consume a lot of time. There will be